

# Cape Agulhas Municipality

Annual Report 2017/18

Resolution 11/2019

31 January 2019



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## FOREWORDS

### MAYORS FOREWORD



As Executive Mayor of the Southernmost Municipality in Africa, it is my pleasure and privilege to present our Annual Report for the 2017/18 financial year.

The year was my Council's second year of office and even more significantly the first implementation year of the 2017/18-2021/22 Integrated Development Plan (IDP) and Spatial Development Framework (SDF), which were approved on 30 May 2017 for implementation from 1 July 2017.

The first review of the IDP also took place in 2017/18, and the community played a key role by participating in the public participation structures and platforms that we have such as ward committees, IDP meetings quarterly feedback meetings and budget imbizo's. These contributions have enabled us to confirm where our key challenges lie and develop plans to address these challenges and work towards developing sustainable solutions, both internally and in partnership with other stakeholders.

The Annual Report gives us the opportunity to reflect on what we have achieved in terms of our IDP objectives and what our contribution has been to achieving the strategic priorities of the Western Cape Provincial Strategic Plan: 2014 – 2019 as well as the National Development Plan 2030. Each of our goals, objectives and key performance indicators links to these plans to ensure that as a Municipality we contribute to the achievement of Provincial and National goals.

The Municipality did well in the achievement of its objectives for the year and although we were not able to achieve all our objectives, we continuously monitor our performance and where necessary, implement corrective measures.

Despite a small albeit proportionate budget for a Municipality our size, we are leaders in terms of service delivery. We have done extremely well in providing basic services and all households in the Municipality's area of jurisdiction have access to basic services despite very limited funding. We have also focussed on improving our infrastructure to ensure sustainable service delivery. We are also proud to say that our capital budget for the year was utilised effectively and some of our flagship projects include:

- Full blue flag status for Duiker Street Beach in Struisbaai for the second year in a row.
- Upgrading of the Nostra ablution facilities for the disabled.
- 683 stands in Area F Bredasdorp were serviced for the low cost housing development that is planned for 2018/19.
- Upgrading of the ablution facilities at Zwelitsha sport fields
- Upgrading of roads in Napier, Arniston and Bredasdorp low cost housing areas.
- Street lighting was installed in dark spots of the various towns.
- Upgrading of the Overberg Sports Academy with funding from the Department of Culture, Art and Sport

The Cape Agulhas Municipality endeavours wherever possible to create employment through our capital development and maintenance programmes and we are proud to say that we created 673 jobs (118 full time equivalents) during the financial year through the Expanded Public Works Programme.

In conclusion, I would like to express my appreciation and thanks to every community member, Ward Committee Member and Councillor for their contribution. I would also like to thank the management team as

well as every member of staff for their support during the year under review. Our achievements would not have been possible without you.

**Cllr Paul Swart**  
**Executive Mayor**

## MUNICIPAL MANAGERS FOREWORD



Cape Agulhas, the southern-most municipality in South Africa, is a Grade 2 municipality, committed to fulfilling its constitutionally mandated functions and powers. This is all done with limited financial and human resources amongst an ever-growing community need and within a severely constricted macro-economic environment. Nevertheless, the view is held that the Municipality is faring well regarding the delivery of quality and affordable services in a caring manner and by observing the principles of good governance.

In recognition of the fact that we are the sphere of government at the coal face of service delivery, but only responsible for the provision of certain services, the Municipality is constantly seeking better communication and cooperation between ourselves and the relevant sector departments. This is done to ensure that local, provincial and national government actually address the needs of the community as identified in the IDP. Once again as in previous years, the Department of Local Government and Provincial Treasury need to be commended for their continued support and cooperation in giving effect to their Constitutional mandate to support us.

The Municipality received an unqualified, with no matters, audit opinion once again for 2017/18, our fifth consecutive clean audit. Following the 2016/17 audit, an audit action plan was developed to implement recommendations on the audit by the Auditor General. Of the twenty-three non-reportable findings, eighteen were completed and finalised and six are still in progress and transferred to the 2017/18 audit action plan. These findings and recommendations assisted the Municipality to strengthen controls and enhance future audit processes. It should however be noted that even if the audit scope remains the same, the specific focus thereof changes year on year so it becomes challenging to maintain the clean audit status.

The Municipality's debt impairment provision as a percentage of accounts receivable has increased to 47 % (2016/17: 39,6%) which is a relatively high percentage. This is mainly due to the percentage of customers that will not be able to pay for services rendered, due to high unemployment rate of consumers within the Municipal Area.

The creditor payment period has decreased to 44 days from 70 days in 2016/17 and the debt collection period has increased to 63,3 days from 58 days. This is largely attributed to problems encountered with the implementation of the new financial system. We will work hard to increase this figure in the next year to ensure that it will increase significantly. Effective credit control is essential to ensure the future financial sustainability of the municipality.

The year-end bank balance has increased to 96% compared to the previous year that is indicative of adequate cash flow management. This is mainly attributed to investments that matured on 30 June 2018 as well as long term loans received and an increase in the capital replacement reserve, which resulted in a net increase in cash held of R23,4 million from the previous year with a total year-end bank balance of R 47,7 million.

Creditors as a percentage of cash and cash equivalents have decreased to 40,3% from the 112,3% of the previous year. Once again, this is a good indication of better cash management.

In terms of internal management changes on the senior and middle management level, there was none. All the middle and senior manager posts were filled at financial year-end and all of them possess the legislated qualifications and competencies. There were no occurrences of fraud and corruption that needed investigation

for the year under review and the one case reported on in the previous year is still with SAPS. Indications are that the investigation is completed and awaiting a decision from the NPA on the way forward.

The implementation of mSCOA remains a strategic risk as challenges are still experienced on a monthly basis with the system, albeit, that the relevant staff is more familiar with the operation of the system currently. There is ongoing support from the service provider.

In conclusion, I would like to extend our warmest appreciation to our Community, our Councillors, Ward Committees, as well as my management colleagues and their respective staff for their support during this reporting year. The future of this Municipality requires the collective effort of all its stakeholders and my wish is that we all strive towards achieving this collectivism; council, administration and community.

Please take time to browse through this report and your comment thereon is appreciated.

**DGI O'Neill**  
**Municipal Manager**



## CHAPTER 1: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL OVERVIEW

The 2017/18 Annual Report of the Cape Agulhas Municipality is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA). This Annual Report reflects on the performance of the Municipality for the period 1 July 2017 to 30 June 2018, in relation to its Constitutional objectives, legislated functions and its Integrated Development Plan (IDP).

Section 152 (1) of the Constitution sets out the objectives of local government namely:

- To provide democratic and accountable government to the community;
- To ensure the sustainable provision of services to the community;
- To promote social and economic development;
- To promote a safe and healthy environment;
- To encourage communities and community organisations to get involved in local government matters.

The Constitution assigns a developmental duty to municipalities, which requires them to structure and manage their administration, budgeting and planning processes in a manner that gives priority to the basic needs of the community whilst promoting social and economic development of the community. The functions of municipalities are set out in Schedules 4B and 5B of the Constitution, and municipalities must perform these functions in a manner that enables them to achieve their Constitutional objectives.

Municipal elections took place on 3 August 2016. A new Municipal Council is required to adopt an IDP within one year after the municipal election, and this IDP remains in force for the elected term of office of the Council (Five years). The new IDP (2017/18-2021/22) was approved by Council on 30 May 2017 (Council Resolution 99/2017), and this annual report reflects on the performance of the Municipality in implementing the first year of the new IDP.

#### 1.2.1 VISION, MISSION AND VALUES

The vision, mission and values of the Cape Agulhas Municipality as contained in the 2017/18 – 2021/22 IDP are as follows:

##### VISION

“Together for excellence  
Saam vir uitnemendheid  
Sisonke siyagqwesa”

##### MISSION

“To render excellent services through good governance, public ownership and partnership in order to create a safer environment that will promote socio-economic growth and ensure future financial sustainability in a prosperous southernmost community”

##### VALUES

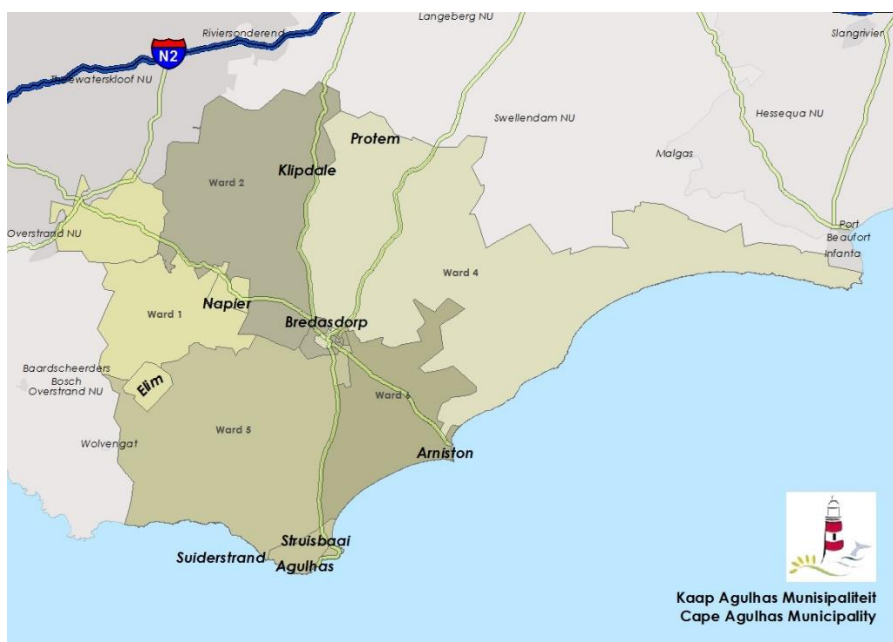
Fairness  
Integrity  
Accountability and responsibility

Transparency  
Innovativeness  
Responsiveness

### 1.2.2 GEOGRAPHIC AREA

Cape Agulhas Municipality is the southernmost municipality in Africa and falls within the Overberg District of the Western Cape. The Municipality is geographically diverse and comprises an area of 2 411 km<sup>2</sup>. It includes 9 urban settlements namely Bredasdorp which is the administrative seat, Napier, Struisbaai, Arniston / Waenhuiskrans, L'Agulhas, Klipdale, Proteem and Suiderstrand and Elim which is a historical Moravian mission station. It also includes the vast rural areas in between and approximately 178 Km of coastline. The coastline comprises the Atlantic and Indian oceans, which meet at L'Agulhas, the most southern town in Africa.

FIGURE 1 MAP OF CAPE AGULHAS MUNICIPALITY AND WARD DELIMITATION



The following paragraphs provide an overview of each town within the Municipal Area

#### Bredasdorp



Bredasdorp is centrally located at the intersection of the R316 (which runs between Caledon and Arniston) and the R319 (which runs between Agulhas/Struisbaai and Swellendam). It is also the economic hub of the Cape Agulhas Municipal Area and is home to the biggest concentration of urbanised population. Bredasdorp is also regarded as the administrative capital of the Overberg Region as a number of Government Departments and State Owned Enterprises have established regional offices in this town. The head office of the Overberg District Municipality is also located in Bredasdorp and is strategic for the

development of the local economy of the area. Agriculture is the backbone of the town's economy but the business and tourism sectors have also grown significantly over the years. Unique tourism products such as the Shipwreck Museum, Heuningberg Nature Reserve and the Anglican Rectory are some of the most important tourism attractions.

### Arniston / Waenhuiskrans



The fishing village of Arniston/Waenhuiskrans is situated approximately 24 km southeast of Bredasdorp and is the only town with two official names. The name of the village was derived from a British ship, the Arniston, which ran ashore in this bay in 1815. Waenhuiskrans refers to a large cavern that can only be reached during low tide. The rugged coastline of the continental shelf dominates this unique fishing hamlet with its relatively closely-knit population. Fishermen prior to 1820 occupied the bay in which Arniston/Waenhuiskrans is situated and they called it Kassiesbaai. Kassiesbaai is a well-known and attractively

restored fishing village and a national monument. The backbone of Arniston's economy is tourism and fishing, and fishermen still go to sea in traditional boats known as chuckys. The Overberg Test Range is situated adjacent to the town.

### Struisbaai



Struisbaai, only a few kilometres from L'Agulhas, is renowned for its pristine 14 km beach, which is one of the longest uninterrupted stretches of white sandy beach in the southern hemisphere. Struisbaai is very popular for aquatic sports and its small convenient harbour facility offers boat owners the lure of deep-sea fishing. The route to Struisbaai skirts around the Karsriviervlei and Zoetendalsvlei, which is the largest natural body of fresh water in South Africa. Struisbaai is a secondary economic hub and is a renowned tourist destination. Other attractions in the town include the colourful, bustling Struisbaai

Harbour where visitors can see the traditional fisherman bring in their daily catch and buy fresh fish. Also not to be missed is the resident stingray Parrie making an appearance.

### L'Agulhas and Suiderstrand



L'Agulhas is the southernmost town on the African continent. A cairn marks the official position of the southernmost tip of Africa and it is at this longitudinal point that the Atlantic and Indian Oceans officially meet. The town of L'Agulhas developed around the famous lighthouse at Cape Agulhas, which is the country's second oldest lighthouse - dating back to 1848. The lighthouse is still fully functional and houses the only lighthouse museum in Africa.

Suiderstrand is widely regarded as an extension of the town of L'Agulhas and is situated approximately 10km west of this panoramic coastal town.

Suiderstrand mostly consists of a number of holiday homes along the beach and makes use of all public facilities and services of L'Agulhas.

## Napier



Napier is situated 58 km from Caledon and 16 km from Bredasdorp off the N2 on Route 316. Napier originated because of differences between two well-known personalities, Mr Pieter van der Byl and Mr Michiel van Breda who could not agree on where a church should be situated in the district. Neither would give way and thus in 1838 two villages were established. Agriculture, predominantly grain farming is the predominant economic activity of the town and its surrounds. It is also one of the most important wool producing areas in the country. The climate is also favourable for vegetable farming and it is renowned for

its sweet potatoes commonly known as patats. Due to the tranquil and laid-back atmosphere of the town various artists have made Napier their home and their work is for sale at local businesses and art galleries. Napier is also a very popular place for retirees. Attractions include the Kakebeenwa Monument (in memory of the Ossewa Trek) and the Dutch Reformed Church, which was declared a National Monument in 1978 as well as the only sundial in the province located at the Municipal offices built by Danie du Toit in 1965.

## Elim



The Elim mission station was founded in 1824 and is predominantly inhabited by members of the Moravian Church. On 12 May 1824 Bishop Hallbeck of the Moravian Church acquired the 2 570 ha farm Vogelfontein from Johannes Schonken. On Ascension Thursday 12 May 1825 the name was changed to Elim (which means *palm trees*). The mission station was established around the original farmhouse built in 1796 by a Huguenot named Louis du Toit. The entire town has been declared a national monument and has also been identified as a cultural historic site. The church has the oldest working clock in South

Africa (more than 250 years old) and one of the most popular draw cards of Elim is the largest wooden waterwheel in South Africa. Elim also has a slave monument dedicated to the emancipation of slaves on 1 December 1938. The Geelkop Nature Reserve near Elim is renowned for the rare dwarf Elim Fynbos and is home to more than 200 plant species, of which 13 are on the Red Data Species List.

## Klipdale and Protem



The construction of a railway line to the settlements of Klipdale and Protem and the grain elevator in the area contributed to the establishment and growth of these two settlements. With the completion of the railway line from Cape Town, via Sir Lowry's Pass, to Bredasdorp early in this century, a branch railway line was built from Klipdale (north of Napier) to a station called Protem. Protem or 'pro tempore' means "for the time being or temporary" and it functioned as a railway halt. The extension of the railway line further into the Overberg

was planned, but never materialised.

### 1.2.2.1 WARD DELIMITATION

Cape Agulhas Municipality is a municipality with a mayoral executive system combined with a ward participatory system. Wards are demarcated in terms of the Local Government Municipal Demarcation Act (Act 27 of 1998) for municipal election purposes.

Cape Agulhas Municipality was demarcated into six wards for the 2016 Municipal election. This demarcation became applicable from 3 August 2016, and the ward composition is as follows:

TABLE 1 WARD DELIMITATION 2016

WARD	AREA DESCRIPTION
1	Napier, Elim, Spanjaardskloof, Houtkloof and surrounding farming areas,
2	Part of Bredasdorp and Klipdale,
3	Part of Bredasdorp which includes the low cost housing scheme (Kleinbegin), Zwelitsha and Simunye
4	Part of Bredasdorp including the Central Business District, Proteem and surrounding farms
5	Suiderstrand, L'Agulhas, Struisbaai and Haasvlakte
6	Arniston and surrounding Farms, Overberg Test Range, Part of Bredasdorp (Selfbou and Bergsig area)

## 1.2 DEMOGRAPHIC, SOCIO ECONOMIC AND ENVIRONMENTAL OVERVIEW

### 1.2.1 DEMOGRAPHIC OVERVIEW

#### a) Population

The Cape Agulhas Municipality population is 33 038 people according to the 2011 Census, which makes it the smallest municipality in the Overberg District. The table below indicates the total population per town within the municipal area based on the 2011 statistics.

TABLE 2 POPULATION DISTRIBUTION PER TOWN

NAPIER	BREDASDORP	ELIM	ARNISTON	STRUISBAAI	L'AGULHAS	SUIDER-STRAND	FARMS	TOTAL
4 212	15 524	1 412	1 267	3 877	548	44	6 152	33 038

Source: Statistics SA 2011

The total population of Cape Agulhas is estimated to grow from 35 331 in 2018 to 36 773 in 2023. This equates to an estimated growth rate of 4.1% between 2018 and 2023, which is lower than the 5.8% estimated growth of the Overberg District for this period.

TABLE 3 POPULATION PROJECTIONS

2018	2019	2020	2021	2022	2023
35 331	35 637	35 934	36 223	36 503	36 773

Source: Socio-Economic profile 2017

The table below depicts the projected population composition of age cohorts:

TABLE 4 AGE COHORTS

YEAR		CHILDREN: 0-14 YEARS	WORKING AGE: 15-65 YEARS	AGED: 65+	DEPENDENCY RATIO
2011		7736	22343	2952	47.9
2018		8001	23629	3701	49.5



2023		8276	24257	4241	51.6
------	--	------	-------	------	------

Source: Socio Economic Profile 2017

The comparison of the base year of 2011 and the estimated numbers for 2023 show a growth in the percentage of seniors and children. This is an important factor in the calculation of the dependency ratio. In Cape Agulhas, this ratio was 47.9% in 2011 and is estimated to increase to 51.6% in 2023.

#### b) Population by gender and race

The Coloured racial group constitutes the largest proportion of the population in the Cape Agulhas Municipal Area as well as in the Overberg District and makes up 66.2% of the population. The remaining composition of the population is 21.8% White, 0.3% and 11.6% African.

TABLE 5 POPULATION BY GENDER AND RACE

GENDER	BLACK AFRICAN	COLOURED	INDIAN OR ASIAN	WHITE	OTHER	TOTAL
Male	2178	10377	54	3419	201	16229
Female	1630	11285	57	3730	107	16808
Total	3808	21662	111	7149	308	33038

Source: StatsSA census 2011 (2016 Boundaries)

#### c) Population by age and gender distribution

The population is fairly equally distributed in terms of gender, which is in line with South African, Western Cape and ODM trends. The following table shows the composition of the population in terms of gender and age.

TABLE 6 AGE AND GENDER COMPOSITION

AGE	MALE	FEMALE	GRAND TOTAL
0 - 4	1356	1335	2691
5 - 9	1195	1211	2406
10 - 14	1342	1301	2643
15 - 19	1247	1406	2653
20 - 24	1354	1351	2705
25 - 29	1411	1396	2807
30 - 34	1158	1009	2167
35 - 39	1131	1111	2242
40 - 44	1226	1271	2497
45 - 49	1087	1178	2265
50 - 54	999	1025	2024
55 - 59	762	799	1561
60 - 64	642	780	1422
65 - 69	518	579	1097
70 - 74	378	472	850
75 - 79	237	272	509
80 - 84	129	188	317
85 - 89	35	77	112
GRAND TOTAL	16207	16761	32968

Source: StatsSA census 2011



The following table shows the gender composition per ward.

TABLE 7 GENDER COMPOSITION PER WARD

Gender	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Total
Male	3164	3186	2684	2748	2604	1844	16229
Female	3391	3343	2588	2865	2764	1858	16808
Total	6555	6529	5272	5613	5368	3701	33038

Source: StatsSA census 2011 (2016 Boundaries)

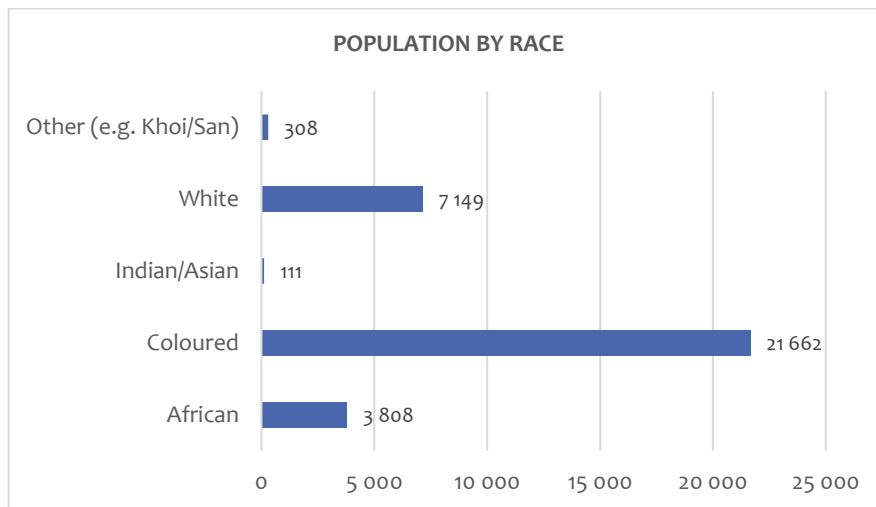
#### d) Population by race

TABLE 8 POPULATION BY RACE

RACE	TOTAL
African	3 808
Coloured	21 662
Indian/Asian	111
White	7 149
Other (e.g. Khoi/San)	308
Total	33 038

Source: Statistics SA 2011

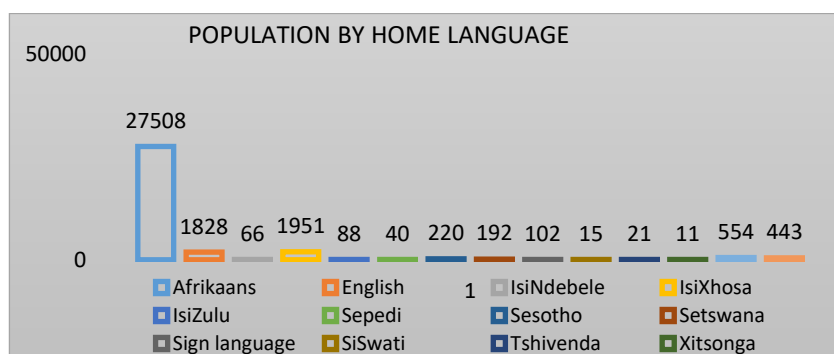
TABLE 9 POPULATION BY RACE



#### e) Population by language

The predominant language in the Municipal Area remains Afrikaans, which is spoken by the majority of the population, followed by isiXhosa and English.

FIGURE 2 POPULATION BY HOME LANGUAGE



Source: StatsSA census 2011

## f) Farmworker demographics

The Western Cape Department of Agriculture conducted a survey to provide comprehensive data on the state of farmworkers within the Cape Winelands region of the Western Cape and took the analysis to local municipal level. Cape Agulhas was also included in this study. The total study covered 6086 households with 23202 individuals living in these households. The lowest number of households and individuals was within the Cape Agulhas Municipal Area with a sample of 526 and 142 households. The following table provides a demographic profile of the Cape Agulhas farmworkers.

TABLE 10 DEMOGRAPHIC PROFILE: FARM WORKERS

CATEGORY	INDICATOR	NO/%
Demographics	Number of Farms	27
	Number of Households	142
	Population	526
Healthcare Services	Impaired Vision	19.72%
	Difficulty with self-care	7.75%
	Employed	10%+
Type of dwellings	Mud house	2
	RDP house	1
	Brick house	79
	Informal dwelling	6
	Back room	1
	Caravan/Tent	2
	Other	6

The table below illustrates the age distribution on Cape Agulhas Farms:

TABLE 11 AGE DISTRIBUTION ON FARMS

AGE BANDS	TOTAL
0	15.18%
1-7	14.78%
8-14	9.11%
15-19	27.94%
20-35	21.26%
36-50	10.53%
51-65	1.21%

### 1.2.2 HOUSEHOLDS

In order to ensure basic service delivery to all, municipal budget allocations are informed by credible and accurate assumptions regarding the number of households within a municipal area. Access to formal housing and services in Cape Agulhas is measured against a total number of households of 10 162 in 2011 and 11 321 in 2016.

TABLE 12 HOUSEHOLDS

2011	2016	Average annual change 2011-2016	Average annual growth 2011-2016
10 162	11 321	232	2.2%

Source: Socio-Economic Profile 2017

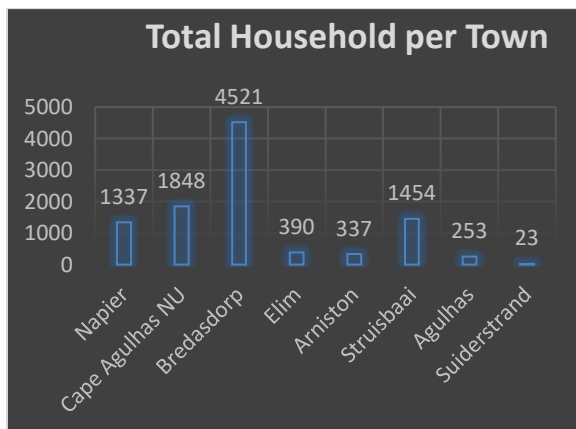
TABLE 13 INDIGENT HOUSEHOLDS

HOUSEHOLDS	2015/16	2016/17	2017/18
Number of indigent and poor households in municipal area	3419	3559	3145

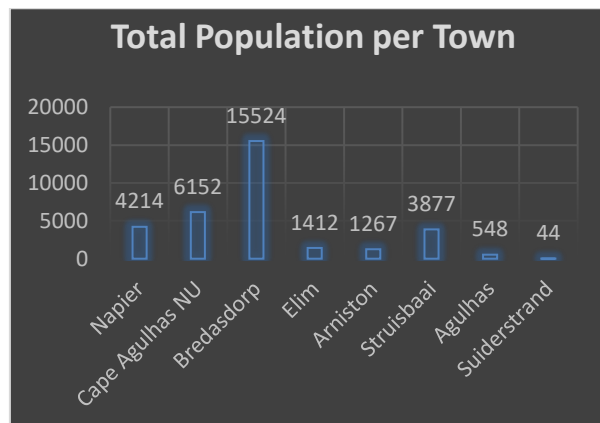
Source: MERO 2017 read with CAM Indigent Register

The following graphs provides an overview of the population and households per town.

FIGURE 3 TOTAL HOUSEHOLDS PER TOWN



Source: StatsSA census 2011



### 1.2.3 SOCIO ECONOMIC OVERVIEW

#### a) Key economic activities

The Municipality is dependent on the following economic activities:

TABLE 14 KEY ECONOMIC ACTIVITIES

KEY ECONOMIC ACTIVITIES	DESCRIPTION
Agriculture and Agro-processing	Agriculture is one of the most important economic sectors of the Cape Agulhas Municipality.

	<ul style="list-style-type: none"> <li>○ Agriculture - Livestock farming, ostriches, wheat crops, canola, vegetables, dried flowers, grapes and olives.</li> <li>○ Agro-processing - Dairy products, wool, mutton, meat, wine, oilseed, ostrich meat, geese feathers and down.</li> </ul> <p>Bredasdorp has been identified as the location for an Agri Park, which will also contribute to this sector.</p>
Tourism	<p>Tourism is also one of the most important economic sectors of the Cape Agulhas Municipality, and the sector with the most growth potential.</p> <p>One of the most distinctive tourist attractions, which has the potential to become the single most branded item of the region is the southernmost tip of the African continent. The tourism industry includes:</p> <ul style="list-style-type: none"> <li>○ Nature Based Tourism (fynbos, fauna &amp; flora species);</li> <li>○ Adventure Tourism (horse riding, mountain biking, paintballing, quad biking, kayaking);</li> <li>○ Marine Tourism (whale watching, fishing, De Hoop and De Mond marine conservation areas);</li> <li>○ Family Holidays (beaches &amp; play parks);</li> <li>○ Agri Tourism (wine farms);</li> <li>○ Cultural and Heritage Tourism (lighthouse, Elim, shipwrecks);</li> <li>○ Business Tourism (conferences, events, teambuilding);</li> <li>○ Events Tourism (Foot of Africa marathon, Overberg Air Show, Napier Patatfees, Agri Mega Week, Heartbeat Christian Festival, Cape Floral Kingdom Expo, Arniston Weekender).</li> </ul>
Fishing and Mari-culture	<p>Cape Agulhas contributes significantly to the Cape line-fish industry. Mari-culture and the processing of marine products like saltwater- and freshwater fish farms, abalone farm, mussels and seaweed cultivation, have the potential to become a very lucrative industry for the area. There is potential for our natural resources to be harvested and processed for commercial use.</p>
Trade/SMME/Informal Enterprise Development	<p>The trading industry has remained one of the dominant economic sectors in the Municipal Area during the past 10 years Cape Agulhas already has a vibrant SMME sector, which is an important component of any regional economy because it employs local labour and increases the local buying power. The type of activities that form part of the informal economy includes hawkers, spaza shops and shebeens.</p>
Natural Resource Economics	<p>Our biodiversity is a unique feature of this region, which can be utilised as a catalyst to stimulate the economic growth of the region. Properly managed eco-tourism holds great potential as an economic incentive for conservation, especially with regard to job creation. One of the greater economic benefits of the natural resources on the Agulhas Plain is the abundant variety of wildflower species.</p>
Construction	<p>The contribution of this sector is becoming increasingly important. A challenge is the skills shortages that exist in the sector. Most of the construction workers have low skills levels and there is a shortage of management level skills. The Municipality tries to ensure sufficient access to business opportunities for local contractors within its procurement capabilities. The construction of the Anene Booysen Skills Centre in partnership with the Construction SETA will also assist in this regard.</p>
Manufacturing	<p>One of the major challenges for the manufacturing industry particularly in the Cape Agulhas Municipal Area is the steep increase in agriculturally based food prices. Opportunities should be identified for innovative products that can be manufactured to address local demands instead of focussing on the export market.</p>

**b) Socio economic growth indicators****TABLE 15 SOCIO ECONOMIC GROWTH INDICATORS**

FINANCIAL YEAR	HOUSING BACKLOG*	UNEMPLOYMENT RATE	HOUSEHOLDS WITH NO INCOME	SKILLS PROP. OF POP. – LOW SKILLED EMPLOY	PEOPLE OLDER THAN 14 YEARS ILLITERATE	HIV/AIDS PREVALENCE	URBAN/RURAL HOUSEHOLD SPLIT
2011/12	4 331	13.8%	15.2%	40%	26%	2.8%	83.2/16.8%
2012/13	3 726	Statistics only available on provincial level and not on municipal level					
2013/14	3 319	Statistics only available on provincial level and not on municipal level					
2014/15	3 411	Statistics only available on provincial level and not on municipal level					
2015/16	3505	Statistics only available on provincial level and not on municipal level					
2016/17	3594	Statistics only available on provincial level and not on municipal level					
2017/18	3685	Statistics only available on provincial level and not on municipal level					

\*Source: Municipal housing database

**1.2.4 ENVIRONMENTAL OVERVIEW**

The Environment is a concurrent National and Provincial competency in terms of Part A of Schedule 4, of the Constitution. The Municipal Systems Act requires municipalities to work together with other organs of state to contribute to the progressive realisation of the right to environment (Section 23). The Bill of rights (Section 24) states that

*“Everyone has the right -*

- a) to an environment that is not harmful to their health or well-being; and*
- b) to have the environment protected, for the benefit of present and future generations through reasonable legislative and other measures that;
 
  - i. prevent pollution and ecological degradation*
  - ii. promote conservation*
  - iii. secure ecologically sustainable development and use of natural resources while**
- c) promoting justifiable economic and social development”*

One of the biggest attributes of the Municipal Area is its natural environment, which attracts thousands of tourists to this area on a daily basis. Our natural environment is the foundation of our tourism industry, and plays a key role in the agriculture industry. It is therefore imperative that our planning and decision making support the principles of sustainable development.

**a) Coastal management**

The Overberg coastline is about 330km long and stretches over jurisdictional areas of three local municipalities. Approximately 178Km of this coastline is in the Cape Agulhas Municipality.

The Overberg District Municipality (ODM) plays a key role in coastal management, and have developed an integrated Coastal Management Plan (ICMP) for the District as a whole. The ICMP co-ordinates the roles of each of the local municipalities in coastal management. ODM is also in process of doing a pilot coastal access strategy.

The coast is a critical source of economic opportunity including:

- Tourism and eco-tourism activities: such as whale watching, bird watching, hiking, recreational fishing, blue flag beaches and several heritage sites such as the shell middens, historic fisherman's cottages, the Cape Agulhas Lighthouse, most southern point of Africa and the Waenhuiskrans Cave.
- Marine living resources: There are two proclaimed fishing harbours in the Municipal Area namely Arniston and Struisbaai. The fishing communities along the coast are highly dependent on subsistence fishing.

#### b) Climate change

The impacts of climate change such as floods, droughts, changes in rainfall patterns and temperature, all have serious implications for local municipalities and the communities they serve. Climate change cannot only be limited to natural disasters but it also has economic and social impacts that will need to be accounted for.

Climate change affects multiple systems and so risks from climate change require a systemic and coordinated response. From a practical perspective, this requires input, agreement and collaboration from various stakeholders. Both government entities and the private sector should therefore respond to these impacts through mainstreaming climate change mitigation and adaptation into its way of doing business. Climate change also holds significant opportunities namely:

- Mainstreaming climate change into municipal planning through the Overberg District Municipality Climate Change Response Framework;
- Through the establishment of partnerships, secure the implementation of climate change mitigation and adaptation projects; and
- The National Strategic Environmental Assessment (SEA) for the efficient and effective rollout of wind and solar PV energy in South Africa highlighted the Overberg area as a strategic Renewable Energy Development Zone for large-scale wind energy projects in which significant negative impacts on the natural environment are limited and socio-economic benefits to the country are enhanced.

#### c) Biodiversity management

Cape Agulhas is a signatory to the internationally recognised ICLEI Durban Commitment, which is a long term political commitment to the protection of biodiversity. The Municipality also plays a key role in bioregional planning and biodiversity management and is a commenting authority for any development applications. Comments are provided in accordance with set criteria which are based on the principles of sustainability (which includes the protection and conservation of endangered/threatened ecosystems, CBAs and ESAs), is used. Biodiversity conservation guidelines informing the abovementioned criteria are:

- The Western Cape's Spatial Biodiversity Plan;
- ODM GIS database and Spatial Development Framework (SDF);
- Cape Agulhas GIS database and Spatial Development Framework (SDF);
- National list of ecosystems that are threatened and in need of protection.

TABLE 16 ENDANGERED ECOSYSTEMS

CRITICALLY ENDANGERED	ENDANGERED	VULNERABLE
Cape Lowland Alluvial Vegetation	Agulhas Sand Fynbos	Agulhas Limestone Fynbos
Central Rûens Shale Renosterveld	Greyton Shale Fynbos	Albertinia Sand Fynbos
Eastern Rûens Shale Renosterveld	Hangklip Sand Fynbos	Boland Granite Fynbos
Elgin Shale Fynbos	Potberg Ferricrete Fynbos	Cape Winelands Shale Fynbos
Elim Ferricrete Fynbos	Western Cape Milkwood Forest	Hawequas Sandstone Fynbos



Kogelberg Sandstone Fynbos		Montagu Shale Renosterveld
Overberg Sandstone Fynbos		Swellendam Silcrete Fynbos
Rûens Silcrete Renosterveld		
Western Rûens Shale Renosterveld		

#### d) Air quality

Air quality management has been implemented at Cape Agulhas Municipality in terms of the following legislation:

- Constitution of the Republic of South Africa (1996), section 156(2), schedule 4 Part B and schedule 5 Part B;
- National Environmental Management Act: Air Quality Act, 2004 (Act No.39 of 2004) the 2012 National Framework for Air Quality Management.

In terms of the above municipalities are responsible for interalia:

- Development and implementation of air quality management Plans for particular areas
- The setting up of source emission inventories
- Setting up ambient air monitoring networks
- Setting up of community monitoring forums
- Development of standards in line with national baseline standards
- By-laws

The Municipality also has an approved Air Quality Management Plan (AQMP), which guides its activities as well as a Cape Agulhas Air Quality By-Law (2014).

### 1.3 BASIC SERVICE DELIVERY OVERVIEW

Government policy places specific emphasis on the provision of basic services, which entail the provision of electricity, water, sanitation and waste collection. These services also underlie the delivery of housing, which is a concurrent Provincial and National Government competency.

The following paragraphs provide an overview of basic service delivery highlights and challenges in respect of each service. Full detail on basic service delivery for 2017/18 is contained in Chapter 3.

#### 1.3.1 BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

The following paragraphs provide an overview of the Municipality's service delivery highlights.

TABLE 17 BASIC SERVICE DELIVERY HIGHLIGHTS

SERVICE	DESCRIPTION
Water provision	<ul style="list-style-type: none"> <li>▪ Reduction of water losses from 17.48% to 13.80%</li> <li>▪ Good water quality, the average water quality (SANS 241) for the year is 95.40%</li> <li>▪ Two boreholes in Bredasdorp were rehabilitated to mitigate the impact of the drought</li> </ul>
Waste water provision (Sanitation)	<ul style="list-style-type: none"> <li>▪ The design and development of contract documentation for the rehabilitation of the Waste Water Treatment Works in Bredasdorp commenced</li> </ul>

Electricity provision	<ul style="list-style-type: none"> <li>▪ Unaccounted for electricity is 6.93% which is well below the norm.</li> <li>▪ The electrification of 140 plots in Bredasdorp in preparation for the planned low cost housing development in Area F.</li> <li>▪ Installation of numerous streetlights and floodlights in all wards.</li> <li>▪ Maintenance of street lights in the Eskom supply areas in accordance with an agreement concluded with ESKOM</li> </ul>
Waste management (Refuse removal)	<ul style="list-style-type: none"> <li>▪ Waste management is used as an opportunity to create jobs through the Municipality's EPWP Programme.</li> <li>▪ The community identified a need for wheelie bins, and this was investigated as part of the regional landfill site investigation. As a result, the Council budgeted for the implementation of wheelie bins throughout the Municipal Area over the course of two financial years.</li> </ul>
Roads and storm water	<ul style="list-style-type: none"> <li>▪ A stormwater canal was constructed in Bredasdorp using labour intensive methods in preparation for the planned low cost housing development in Area F.</li> <li>▪ 4.45 Km roads were also upgraded in Area F</li> <li>▪ 802.8 Square metres of paving was done in Bredasdorp</li> <li>▪ The upgrading of the Struisbaai industrial road was completed</li> </ul>
Human settlement	<ul style="list-style-type: none"> <li>▪ 55 Title Deeds were restored from the old Housing Schemes and 151 Title Deeds was received from the Transferring Attorneys for the Struisbaai Housing Project in the financial year under review</li> <li>▪ 683 stands were serviced in Area F, Bredasdorp in preparation for the planned low cost housing development.</li> </ul>

### 1.3.2 BASIC SERVICE DELIVERY CHALLENGES

The following paragraphs provide an overview of the Municipality's service delivery challenges.

**TABLE 18 BASIC SERVICE DELIVERY CHALLENGES**

SERVICE	DESCRIPTION	ACTIONS
General infrastructure	<ul style="list-style-type: none"> <li>▪ The Municipality does not have an Infrastructure Growth and Development Plan (IGDP)</li> </ul>	<ul style="list-style-type: none"> <li>▪ A consulting Engineer was appointed for the development of an Infrastructure Growth and Development Plan, which will be rolled out in 2018/19</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Ageing infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Infrastructure maintenance is addressed in the approved Long Term Financial Plan.</li> </ul>
Water provision	<ul style="list-style-type: none"> <li>▪ Outdated Water Services Development Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ A consulting Engineer was appointed for the development of a new Water Services Development Plan, which will be rolled out in 2018/19</li> </ul>
Waste water provision (Sanitation)	<ul style="list-style-type: none"> <li>▪ Waste water quality and compliance with green drop standards</li> </ul>	<ul style="list-style-type: none"> <li>▪ A consulting Engineer was appointed for the design and development of contract documentation for the rehabilitation of the Waste Water Treatment Works in Bredasdorp. Phase 1 of the project will commence in 2018/19</li> </ul>
Electricity provision	<ul style="list-style-type: none"> <li>▪ Eskom Capacity constraints, which</li> </ul>	<ul style="list-style-type: none"> <li>▪ Council approved the Small Scale Embedded Generation Policy and contract</li> </ul>

SERVICE	DESCRIPTION	ACTIONS
	will limit development.	
Waste management (Refuse removal)	<ul style="list-style-type: none"> <li>Bredasdorp Landfill site capacity</li> </ul>	<ul style="list-style-type: none"> <li>An Investigation was done on the feasibility of a shared landfill site. The process will be taken forward in 2018/19</li> </ul>
	<ul style="list-style-type: none"> <li>Illegal dumping</li> </ul>	<ul style="list-style-type: none"> <li>Recycling is encouraged to lengthen the lifespan of the landfill sites.</li> <li>Law enforcement and awareness campaigns are ongoing to address illegal dumping.</li> </ul>
Roads and storm water	<ul style="list-style-type: none"> <li>Extensive gravel roads that need to be maintained</li> </ul>	<ul style="list-style-type: none"> <li>Re-gravelling of sections of road on an annual basis with budget available.</li> </ul>
	<ul style="list-style-type: none"> <li>Storm water backlogs due to inadequate storm water systems</li> </ul>	<ul style="list-style-type: none"> <li>Systematic annual upgrade of storm water system with budget available in accordance with master plans.</li> </ul>
Human settlement	<ul style="list-style-type: none"> <li>Living conditions of backyard dwellers and people living in informal settlements</li> </ul>	<ul style="list-style-type: none"> <li>Council has a strategy to start addressing the housing needs for the affordable market and to make available serviced plots for beneficiaries earning R3501-R7000.</li> </ul>

### 1.3.3 HOUSEHOLD ACCESS TO BASIC SERVICES

The Municipality is providing basic services at the prescribed level to all urban households within its area of jurisdiction and there are no backlogs. The ongoing increase of indigent households is placing ever-increasing financial pressure on the Municipality to fulfill its obligations.

TABLE 19 PROPORTION OF HOUSEHOLDS WITH MINIMUM LEVEL OF BASIC SERVICES

DESCRIPTION	2015/16	2016/17	2017/18
Electricity - service connections	100%	100%	100%
Water - available within 200m from dwelling	100%	100%	100%
Sanitation - Households with at least VIP service	100%	100%	100%
Waste collection - kerbside collection once a week	100%	100%	100%

## 1.4 FINANCIAL HEALTH OVERVIEW

The following paragraphs provide an overview of the financial performance highlights and challenges and key trends. Full detail on financial performance for 2017/18 is contained in Chapter 5.

### 1.4.1 FINANCIAL VIABILITY HIGHLIGHTS

TABLE 20 FINANCIAL VIABILITY HIGHLIGHTS

HIGHLIGHT	DESCRIPTION
Clean audit	The Municipality achieved a clean audit in 2017/18 for the fifth consecutive year

Debt Collection	The debt collection rate is 96.50%
Creditor payments	Creditors are being paid within the 30 day limit
Long term financial viability	Council approved a revised and updated Long Term Financial Plan Strategy (LTFP) as well as a Revenue Enhancement Strategy implementation plan for rollout per set target date.
mSCOA	The Municipality was able to meet National Treasury's mSCOA requirements

#### 1.4.2 FINANCIAL VIABILITY CHALLENGES

TABLE 21 FINANCIAL VIABILITY CHALLENGES

CHALLENGE	ACTION TO ADDRESS
Employee related costs	Employee related costs are 39,74%, slightly less than National Treasury's norm of between 30 -40%. The Municipality completed a productivity study during the 2017/18 financial year, and approved a new macro organogram whereby a number of positions not fully utilized became redundant and scrapped from the personnel structure. The Municipality only considers the filling of legislative required and / or service delivery orientated positions.
Bulk electricity purchases	Increasing costs of bulk purchases of electricity from ESKOM coupled limitations on tariffs imposed by NERSA. Ongoing review and update of the current tariff structure aligned with NERSA's tariff benchmark guideline for electricity and other services continues in in order to be more transparent, fair and equitable
Increasing of reserves	By applying a mix of other sources for capital funding aligned with the Municipality's LTFP recommendations, the Municipality embarked on a process to introduce external borrowing as an additional source of funding for infrastructure related capital projects. The Municipality managed to improve its cash position and as a result could increase the capital replacement reserve to R30 million for the financial year under review

#### 1.4.3 FINANCIAL VIABILITY (RATIO'S) -

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area of Municipal Financial Viability and Management.

TABLE 22 NATIONAL KPI'S FOR FINANCIAL VIABILITY AND MANAGEMENT

KPA & INDICATOR	2015/16	2016/17	2017/18
Debt coverage ((Total operating revenue-operating grants received):debt service payments due within the year) (Higher is better)	232,10	324,72	72.82
Service debtors to revenue – (Total outstanding service debtors: revenue received for services) (Lower is better)	9.79	8.18%	10.470

Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure (Higher is better)	0.79	1.18	2.26
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#### 1.4.4 FINANCIAL OVERVIEW

TABLE 23 FINANCIAL OVERVIEW 2017/18

DETAILS	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL
<b>Income</b>	57 206	58 299	37 463
Grants - Operational	13 001	18 104	12 456
Grants - Capital	226 814	213 000	211 080
Taxes, Levies and tariffs	27 895	33 254	51 999
Other	324 916	322 657	312 998
<b>Sub Total</b>	321 162	314 262	290 748
<u>Less: Expenditure</u>	3 754	8 395	22 250
<b>Net Total*</b>	57 206	58 299	37 463

#### 1.4.5 OPERATING RATIO'S

TABLE 24 OPERATING RATIOS

DETAIL	EXPECTED NORM	ACTUAL	VARIANCE
Employee Cost (Inclusive of temporary workers – GRAP 1 disclosure requirements according to the nature of function performed)	<35-40%	39.74%	4.74% above minimum norm
Finance charges & depreciation	<10%	10.39%	0.39% above norm

The Municipality's expenditure on employee related costs is above the national norm. The finance charges are also well below the norm due to the Municipality's conservative approach to taking up new external loans to fund capital investment.

#### 1.4.6 TOTAL CAPITAL EXPENDITURE

TABLE 25 TOTAL CAPITAL EXPENDITURE

DETAIL	2015/16 R'000	2016/17 R'000	2017/18 R'000
Original Budget	21 871	24 631	29 682
Adjustment Budget	25 511	25 452	34 217
Actual	21 286	24 280	32 033
% Spent	21 871	24 631	29 682

## 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Cape Agulhas Municipality currently employs 347 people (excluding non-permanent employees), who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of the Human Resource Department is to render an innovative human resource service that addresses both human resource development and human resource administration.

The following paragraphs provide an overview of organisational development highlights and challenges. Full detail on organisational development for 2017/18 is contained in Chapter 4.

### 1.5.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

TABLE 26 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

HIGHLIGHT	DESCRIPTION
Productivity assessment	<ul style="list-style-type: none"> <li>The Province funded an Organisational Productivity Assessment to enable us to assess our employee utilisation, and enable us to make optimal use of our current human resources without increasing our annual personnel expenditure.</li> </ul>
Skills development	<ul style="list-style-type: none"> <li>The Municipality fully utilised its skills development allocation in 2017/18</li> <li>A Recognition for Prior Learning (RPL) Programme funded internally and externally in partnership with North Link TVET College was implemented. Approximately 67 Infrastructure Services and Management Services employees were initially assessed 55 employees are now eligible to be trained as artisans.</li> </ul>
Employment equity	<ul style="list-style-type: none"> <li>Council approved a new Employment Equity Plan on 27 September 2017</li> </ul>
Low vacancy rate	<ul style="list-style-type: none"> <li>The vacancy rate is 4.41%</li> </ul>
Organisational Structure	<ul style="list-style-type: none"> <li>The revised Organisational Structure was approved 7 December 2017 and further revisions approved 22 June 2018</li> </ul>

### 1.5.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES

TABLE 27 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES

CHALLENGE	ACTION TO ADDRESS
Implementation of the Employment Equity Plan	A concerted effort was made to implement the Municipality's Employment Equity Plan and achieve the goals and targets contained therein. Through training and development initiatives, we have created a pool of qualified local internal employees, mostly females, for possible opportunities when there are vacancies.
Individual performance management	The efficacy of individual performance management remains a challenge. Various workshops and training initiatives were convened for managers and supervisors to address this.



### 1.5.3 EMPLOYMENT EQUITY

TABLE 28 2017/18 EMPLOYMENT EQUITY TARGETS/ACTUAL BY RACIAL CLASSIFICATION FOR TOP THREE LEVELS OF MANAGEMENT

AFRICAN			COLOURED			INDIAN			WHITE		
TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED
4	0	0%	1	1	100%	0	0	0%	1	0	0%

TABLE 29 2017/18 EMPLOYMENT EQUITY TARGETS/ACTUAL BY RACIAL CLASSIFICATION (All employees)

AFRICAN			COLOURED			INDIAN			WHITE		
TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED
22	2	9.09%	17	4	23.5%	1	0	0%	4	1	25%

TABLE 30 2017/18 EMPLOYMENT EQUITY TARGETS/ACTUAL BY GENDER CLASSIFICATION

MALE			FEMALE			DISABLED		
TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED
18	6	33.33%	23	1	4.38%	2	1	50%

### 1.5.4 SKILLS DEVELOPMENT

TABLE 31 BUDGET ALLOCATED AND SPENT FOR SKILLS DEVELOPMENT

YEAR	TOTAL OPERATIONAL BUDGET	TOTAL ALLOCATED FOR TRAINING	TOTAL SPENT	% SPEND
2016/17	R 279 470 030.00	1 450 000.00	R1 222 683.00	0.43%
2017/18	R 115,542,164.00	1450 000.00	R1 398 351.05	1.19%

## 1.6 AUDITOR GENERAL REPORT

The Municipality received a clean audit for 2017/18, and has maintained its record of unqualified audits with no matters (clean audit) for five successive years. This emphasizes the Municipality's commitment to clean administration and good governance.

An action plan (OPCAR) with corrective measures was drawn up to address the findings from the 2017/18 audit. This plan is monitored and progress evaluated on a monthly basis by the Internal Auditor and the CFO. This plan is a standing item on the Municipal Manager's monthly Directors meeting and is submitted to Council during their monthly meetings, as well as the Audit and Performance Audit Committee during their quarterly meetings.

### 1.6.1 AUDIT OUTCOMES

TABLE 32 AUDIT OUTCOMES

YEAR	2014/15	2015/16	2016/17	2017/18
STATUS	Unqualified with no other matters	Unqualified with no other matters	Unqualified with no other matters	Unqualified with no other matters

## CHAPTER 2: GOVERNANCE

This Chapter provides an overview of the Municipality's performance in terms of the National Key Performance Area (KPA) of **good governance and public participation** as contained in the Local Government: Municipal Planning and Performance Management Regulations of 2001 read together with Section 43 of the MSA.

### 2.1 COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has eight major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

#### 2.1.1 GOVERNANCE STRUCTURE

##### 2.1.1.1 POLITICAL GOVERNANCE STRUCTURE

Legislative and executive authority is vested in the Municipal Council. The Municipal Council has delegated its executive functions to the Executive Mayor and the Mayoral Committee in accordance with a delegation framework in terms of Section 59 of the Municipal Systems Act. A new system of delegations was approved on 18 April 2018 (Resolution 42/2018)

Section 79 of the Municipal Structures Act empowers the Municipal Council to establish committees that are necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers. It appoints the chairperson of such committees, determines the functions and may delegate powers and duties. Section 80 of the Municipal Structures Act makes provision for the appointment of committees to assist the Executive Mayor. These committees are commonly known as Portfolio Committees.

#### a) Municipal Council

The Municipal Council comprises eleven Councillors, six of whom are Ward Councillors and five of whom are Proportional Representation (PR) Councillors. The Council is now led by the Democratic Alliance (DA).

Section 37(c) of the Municipal Structures Act requires Municipal Councils to meet a minimum of quarterly. 14 Council Meetings took place during the year. There were 10 ordinary meetings and 4 special meetings.

TABLE 33 COUNCIL MEETINGS

DATE	SPECIAL / ORDINARY
4 July 2017	Special
29 August 2017	Ordinary
12 September 2017	Special
26 September 2017	Ordinary
31 October 2017	Ordinary
7 December 2017	Ordinary
30 January 2018	Special
9 March 2018	Special
27 March 2018	Ordinary

DATE	SPECIAL / ORDINARY
18 April 2018	Ordinary
29 May 2018	Ordinary
22 June 2018	Special

The table below provides a list of Councillors, their office and political affiliations. It also indicates whether they served as a ward or proportional Councillor for the 2017/18 financial year.

**TABLE 34: COUNCILLOR REPRESENTATION AND MEETING ATTENDANCE**

COUNCIL MEMBER	CAPACITY	POLITICAL PARTY	WARD OF PROPORTIONA L	COUNCIL MEETING ATTENDANCE %	APOLOGIES FOR NON-ATTENDANCE %
PJ Swart	Executive Mayor / Ward Councillor	DA	Ward 5	100	
Z Tonisi	Deputy Mayor PR Councillor	DA	Proportional	91.67	8.33 % (1)
GD Burger	Member of Mayoral Committee/ PR Councillor	DA	Proportional	91.67	8.33 % (1)
J Nieuwoudt	Speaker / Ward Councillor	DA	Ward 4	100	
RJ Baker	Ward Councillor	ANC	Ward 3	91.67	8.33 % (1)
D Europa	Ward Councillor	ANC	Ward 6	100	
E Sauls	District Representative / Ward Councillor	DA	Ward 1	100	
CJ Jacobs	PR Councillor	KAPCO	Proportional	83.33	16.66 % (2)
D Jantjies	PR Councillor	Dienslewerings party	Proportional	100	
M October	Member of Mayoral Committee / Ward Councillor	DA	Ward 2	91.67	8.33 % (1)
EC Marthinus	PR Councillor / District Representative	ANC	Proportional	91.67	8.33 % (1)

#### **b) Executive Mayoral Committee**

The executive is headed by the Executive Mayor who is assisted by the Mayoral Committee. Cllr P Swart was elected Executive Mayor following the 2016 municipal election. A total of 8 Mayoral Committee meetings were held in 2017/18

**TABLE 35 EXECUTIVE MAYORAL COMMITTEE**

NAME OF MEMBER	CAPACITY	MEETING ATTENDANCE	MEETING DATES
P Swart	Executive Mayor	100 %	21 August 2017
Z Tonisi	Deputy Mayor	100 %	19 September 2017
D Burger	Member of Mayoral Committee	62.5 %	24 October 2017
M October	Member of Mayoral Committee	100 %	1 December 2017
			6 February 2018
			19 March 2018
			17 April 2018
			29 May 2018

**c) Portfolio Committees**

Portfolio Committees are established in terms of the Municipal Systems Act to assist the Executive Mayor. The number of committees may not exceed the number of members of the Mayoral Committee. They advise the Executive Mayor on policy matters and make recommendations to the Executive Mayor. The tables below indicate the portfolio committees, their composition and meeting dates.

**TABLE 36 PORTFOLIO COMMITTEES**

COMMITTEE	MEMBERS	MEETING DATES
Infrastructure Services	<b>M October (Chairperson)</b> D Burger RJ Baker CJ Jacobs D Jantjies	14 August 2017 12 September 2017 17 October 2017 21 November 2017 30 January 2018 13 March 2018 10 April 2018 21 May 2018
Management Services	<b>Z Tonisi (Chairperson)</b> M October D Europa CJ Jacobs D Jantjies	14 August 2017 12 September 2017 17 October 2017 21 November 2017 30 January 2018 13 March 2018 10 April 2018 21 May 2018
Finance and ICT	<b>GD Burger (Chairperson)</b> Z Tonisi E Marthinus CJ Jacobs D Jantjies	14 August 2017 12 September 2017 17 October 2017 21 November 2017 30 January 2018 13 March 2018 10 April 2018 21 May 2018
Masakhane Committee	<b>Z Tonisi (Chairperson)</b> P Swart E Sauls J Nieuwoudt D Europa RJ Baker M October	14 August 2017 12 September 2017 17 October 2017 22 November 2017 30 January 2018 13 March 2018 10 April 2018 21 May 2018 13 June 2018

**d) Municipal Public Accounts Committee**

The Municipal Public Accounts Committee (MPAC) is a Committee of Council established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council. This Committee consists solely of Councillors appointed by the Council and is representative of all political parties on the Council. The Committee is chaired by one of the opposition political parties who is also appointed by the Council.

The primary functions of the Municipal Public Accounts Committees are as follows:

- To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;
- In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and annual reports;
- To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- To promote good governance, transparency and accountability on the use of municipal resources;
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The table below indicate the MPAC composition and meeting dates.

**TABLE 37: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

NAME OF REPRESENTATIVE	CAPACITY	POLITICAL PARTY	MEETING DATES
C Jacobs	Chairperson	KAPCO	28 August 2017
E Marthinus	Member	ANC	6 September 2017
E Sauls	Member	DA	19 September 2017
D Jantjies	Member	Dienslewering Party	28 September 2017
			8 November 2017
			19 January 2018
			22 January 2018
			29 May 2018

#### 2.1.1.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Accounting Officer of the Municipality. He is the Head of the Administration and is primarily responsible for service delivery and implementation of political priorities.

The Municipal Council adopted a revised macro structure in May 2017, and implementation took place with effect from 1 July 2017. The revised organisational structure reduced the previous four directorates to three. The administration consists of the office of the Municipal Manager and three directorates. Each directorate is headed by a Director, appointed in terms of Section 57 of the Municipal Systems Act. The position of Director Infrastructure Services was vacant from 21 August 2017 until 20 June 2018.

The Municipal Manager and Directors all meet the minimum qualification requirements and competency levels as required by the MFMA and have performance agreements in place that align to the Municipality's top layer SDBIP.

The table below indicates the senior management administrative governance structure.

TABLE 38 ADMINISTRATIVE GOVERNANCE STRUCTURE: SENIOR MANAGEMENT

NAME OF OFFICIAL	DIRECTORATE	PERFORMANCE AGREEMENT SIGNED
Mr D O'Neill	Municipal Manager	Yes
Mr A Jacobs	Director: Infrastructure Services	No (Appointed on 20 June 2018)*
Mr H van Biljon	Director: Financial Services and Information Technology	Yes
Mr K Mrali	Director: Management Services	Yes

\*In terms of the Municipal Systems Act Municipal Performance Regulations for Municipal Managers and Managers accountable to Municipal Managers (2006) a performance agreement must be concluded within 60 days of appointment. That is to say 20 August 2018.

Each Directorate comprises a number of Departments, which are indicated in the table below.

TABLE 39 ADMINISTRATIVE GOVERNANCE STRUCTURE: THIRD TIER

DIRECTORATE	DEPARTMENTS
Municipal Manager	<ul style="list-style-type: none"> <li>▪ Internal Audit (Reports to Audit Committee)</li> <li>▪ Strategic Planning and Administration <ul style="list-style-type: none"> <li>○ Town and Regional Planning</li> <li>○ Client Services</li> <li>○ Corporate Support</li> </ul> </li> <li>▪ Human Resource and Organisational Development Services</li> <li>▪ Socio economic services</li> </ul>
Infrastructure Services	<ul style="list-style-type: none"> <li>▪ Water and Sanitation</li> <li>▪ Roads and Storm water</li> <li>▪ Waste Management</li> <li>▪ Electro Technical Services</li> <li>▪ Building Control</li> </ul>
Financial Services and Information Technology	<ul style="list-style-type: none"> <li>▪ Revenue</li> <li>▪ Expenditure</li> <li>▪ Budget and Treasury Office</li> <li>▪ Supply Chain Management and fleet</li> <li>▪ Information Technology</li> </ul>
Management Services	<ul style="list-style-type: none"> <li>▪ Library Services</li> <li>▪ Traffic and Law Enforcement</li> <li>▪ Public Services</li> <li>▪ Human Settlement</li> </ul>

## 2.2 COMPONENT B: INTERGOVERNMENTAL RELATIONS

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another, inform and consult one another on matters of common interest, coordinate their actions, adhere to agreed procedures and avoid legal proceedings against one another.

### 2.2.1 INTERGOVERNMENTAL STRUCTURES

To adhere to the principles of the Constitution the Municipality participates in the following intergovernmental structures:

**TABLE 40 DISTRICT INTERGOVERNMENTAL STRUCTURES AND FORUMS**

NAME OF STRUCTURE	PARTICIPANTS	PURPOSE
DWA Bi-Lateral Meetings	Overberg District Municipality and Overberg Water	Water & sanitation related topics
DCF (District Coordinating Forum)	Municipal Managers and Mayor	Inter-municipal co-operation, shared services
District IDP Rep/ PPComm Forum	District Municipality, Overberg Local municipalities, Private Sector, Western Cape Government Sectors	Communication, IDP, Tourism topics
District LED/Tourism Forum	Overberg District Local Municipalities, LED and Tourism officials	LED and Tourism related topics
DCF Tech	Municipal Managers	Inter-municipal co-operation, shared services
District Skills Development Forum	Overberg District Municipality Local municipalities	Skills development related topics
District Expanded Public Works Programme Forum	Overberg District municipality Local municipalities	EPWP related topics
Overberg Air Quality Officers Forum	Overberg District municipality Local municipalities	Air Quality related issues
District CRO & CAE Forum	CRO Internal Auditors of Local Municipalities within the Overberg District	Risk and Audit related topics
Disaster Management Advisory Forum	Overberg District Municipalities Local Municipalities	Disaster related topics
Regional Waste Forum	Overberg District Municipality Local municipalities	Waste and Health related issues
Supply Chain Management District Forums	Supply Chain Managers Local Municipalities District Local Municipality	Municipal Supply Chain related topics

**TABLE 41 NATIONAL AND PROVINCIAL INTERGOVERNMENTAL STRUCTURES AND FORUMS**

NAME OF STRUCTURE	PARTICIPANTS	PURPOSE
SALGA	Western Cape Municipalities	All municipal service topics
Waste Forum	Western Cape Municipalities	Waste related topics
Blue and Green Drop Forum	Western Cape Municipalities	Water & sanitation related topics
MIG	Western Cape Municipalities	Infrastructure projects



IMESA	Southern Cape Engineers	Municipal related topics
EPWP	Provincial Government	EPWP related topics
MinMay	Municipal Managers and Mayor	Provincial Local Government driven agenda
MinMay Tech	Municipal Managers	Provincial Local Government driven agenda
PCF (Premier's Coordinating Forum)	Premier and Municipal Managers	Premier's Department responsible for agenda
Provincial IDP Managers Forum	Western Cape Municipalities, Directorate: Integrated Development Planning Department of Local Government, Provincial treasury	IDP related topics
Provincial LED Forum	Western Cape Local Government LED department, local municipalities LED officials	LED related topics
Provincial Public Participation and Communication Forum	Local municipalities: Public Participation- and Communication Officials, Provincial government: Communication and Public Participation, SALGA, GCIS	Public Participation, Communication matters
Western Cape Local Government Chief Audit Executive Forum	National Treasury, Provincial Treasury, Internal Auditors	Internal Auditing matters
Western Cape Local Government Chief Risk Forum	National Treasury, Provincial Treasury, Internal Auditors	Risk Management related topics
Western Cape ICT Managers Forum	Western Cape Local Government ICT Managers	ICT topics
Provincial Municipal Accounting Forum	Western Cape Local municipalities, Provincial Treasury	Accounting matters for local municipalities
Provincial Supply Chain Managers Forum	Provincial Treasury, Local municipalities SCM Managers	SCM matters
Provincial CFO Forum	Provincial Treasury, Local Municipalities CFO's	Accounting topics
Municipal Managers Forum	Municipal Managers HODs	Municipal related topics

### 2.2.2 JOINT PROJECTS AND FUNCTIONS WITH SECTOR DEPARTMENTS

All government functions are divided between the three spheres namely national, provincial and local. The Municipality therefore shares their area and community with other spheres of government and their various sector departments and have to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides details of such projects and programmes:

TABLE 42 JOINT PROJECTS

NAME OF PROJECT/ FUNCTION	EXPECTED OUTCOME/S OF THE PROJECT	SECTOR DEPARTMENT/S INVOLVED	CONTRIBUTION OF SECTOR DEPARTMENT
LGMTech (MGRO)	MFMA Compliance	Provincial Treasury, Municipality	Oversight, Planning, Compilation of project plans
Back-To-Basics	Implementation of Back to Basics Plan for enhanced sustainability and	Driven by Local Government, but all sector departments participate	Back-To-Basics engagement with senior politicians & officials

	betterment of service delivery.		
EGAP	Internet based tool to collect municipal financial and governance information that will allow the Provincial Government to improve the monitoring and support of the municipalities in the Province	Provincial Treasury	Oversight and monitoring and support
Integrated performance and support system (IPSS)	Internet based tool to collect municipal service delivery and governance information that will allow the Provincial Government to improve the monitoring and support of the municipalities in the Province	Driven by the Department of Local Government but all sector departments participate	Oversight and monitoring and support

### 2.3 COMPONENT C: PUBLIC ACCOUNTABILITY

Section 16 of the Municipal Systems Act (MSA) refers to the development of a culture of public participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Participation is required for the following processes:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- the preparation of the municipal budget.

#### 2.3.1 WARD BASED PUBLIC MEETINGS

The table below details public communication and participatory initiatives held by the Municipality during the financial year under review:

**TABLE 43 WARD BASED PUBLIC MEETINGS**

##### WARD 1

DATE	PURPOSE	TARGET AUDIENCE	COMMUNICATION
18 July 2017 – Napier	Feedback Meeting	All Ward residents	Pamphlets, sms, loud hailing and Facebook.
11 September 2017 - Napier	Feedback meeting		
11 September 2017	IDP meeting	All Ward residents	Advert in local media, Pamphlets, sms, loud hailing, Facebook and Municipal Website
7 December 2017	Year-end-Function	All Ward residents	Pamphlets, and Facebook
12 April - Napier	Budget Imbizo	All Ward residents	Advert in local media, sms, Facebook and Loud hailing
8 May 2018 - Elim			

##### WARD 2

DATE	PURPOSE	TARGET AUDIENCE	COMMUNICATION
26 February 2017 – Bredasdorp	Feedback Meeting	All Ward residents	Pamphlets, sms and Facebook, Loudhaling
27 February 2017 - Klipdale			
9 April 2018 – Bredasdorp	Budget Imbizo	All Ward residents	Advert in local media Pamphlets, sms , Facebook and loud haling
18 April 2018 - Klipdale			
12 September 2017 - Bredasdorp	IDP meetings	All Ward residents	Advert in local media, Pamphlets, sms, loud haling, Facebook
13 September 2017 - Klipdale			
7 December 2017 Bredasdorp	Ward year-end function	All Ward residents	Pamphlets, and Facebook
12 December 2017 - Klipdale			

**WARD 3**

DATE	PURPOSE	TARGET AUDIENCE	COMMUNICATION
18 July 2017	Feedback meeting to community	All Ward residents	Pamphlets, sms, loud haling and Facebook
14 September 2017	IDP & Feedback meeting	All Ward residents	Advert in local media, sms, Facebook and Loud haling
20 February 2018	Feedback Meeting	All Ward residents	Pamphlets, sms, loud haling and Facebook
10 April 2018	Budget Imbizo	All Ward residents	Advert in local media Pamphlets, sms , Facebook and loud haling

**WARD 4**

DATE	PURPOSE	TARGET AUDIENCE	COMMUNICATION
4 July 2017 – Protem 5 July 2017 - Bredasdorp	Feedback Meetings	All Ward Residents	Pamphlets, sms, loud haling and Facebook
19 September 2017 – Bredasdorp 20 September 2017 - protem	IDP meetings	All Ward residents	Advert in local media, Pamphlets, sms, loud haling and Facebook
14 November 2017 – Bredasdorp 15 November 2017 - Protem	Feedback meeting	All Ward residents	Pamphlets, sms, loud haling and Facebook
4 April 2018 - Bredasdorp 5 April 2018 - Protem	Budget Imbizo's	All Ward residents	Advert in local media, Pamphlets, sms, loud haling and Facebook

**WARD 5**

DATE	PURPOSE	TARGET AUDIENCE	COMMUNICATION
25 July 2017 15:00 – Suiderlig Service Centre 19:00 – Primary School Hall	Ward Feedback Meetings	All Ward residents	Advert in local media, Pamphlets, sms, loud haling and Facebook
21 September 2017 15:00 – Suiderlig Service Centre 19:00 – Primary School Hall	IDP meetings	All Ward residents	Advert in local media, Pamphlets, sms, loud haling and Facebook
13 December 2017	Year-end-Function	All Children in the Ward	Pamphlets, sms, loud haling and Facebook
22 March 2018 15:00 – Suiderlig Service Centre 19:00 – Primary School Hall	Feedback Meeting	All Ward residents	Pamphlets, sms, loud haling and Facebook
11 April 2018 15:00 – Suiderlig Service Centre- 19:00 – Primary School Hall	Budget Imbizo	All Ward residents	Advert in local media, Pamphlets, sms, loud haling and Facebook

**WARD 6**

DATE	PURPOSE	TARGET AUDIENCE	COMMUNICATION
3 July 2017 - Bredasdorp 4 July 2017 - Arniston	Feedback Meetings	All Ward Residents	Pamphlets, sms, loud haling and Facebook
25 September 2017 - Bredasdorp 26 September 2017 - Arniston	IDP meetings	All Ward residents	Advert in local media, Pamphlets, sms, loud haling and Facebook
19 February 2018 - Bredasdorp 20 February 2018- Arniston	Feedback Meeting	All Ward residents	Pamphlets, sms, loud haling and Facebook
16 April 2018 - Bredasdorp 17 April 2018 - Arniston	Budget Imbizo	All Ward residents	Advert in local media, Pamphlets, sms, loud haling and Facebook

**2.3.2 WARD COMMITTEES**

The table below provides information on the establishment of ward committees and their functionality within the Cape Agulhas Municipal Area:

**TABLE 44 FUNCTIONALITY OF WARD COMMITTEES**

WARD	COMMITTEE ESTABLISHED YES / NO	NUMBER OF REPORTS SUBMITTED TO THE SPEAKERS OFFICE	NUMBER MEETINGS HELD DURING THE YEAR	NUMBER OF PUBLIC WARD MEETINGS HELD DURING THE YEAR
1	Yes	9	9	6
2	Yes	9	9	8
3	Yes	9	9	4
4	Yes	9	9	8
5	Yes	7	7	5
6	Yes	9	9	8

**2.3.2.1 MEMBERSHIP AND FUNCTIONALITY OF WARD COMMITTEES**

The following tables provides an overview of the composition and functionality of ward committees.

**TABLE 45 WARD COMMITTEE MEMBERSHIP AND FUNCTIONALITY****a) WARD 1: NAPIER, ELIM, SPANJAARDSKLOOF AND SURROUNDING FARMS**

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	MEETING DATES
E Sauls	Ward Councillor	23 August 2017
J Wessels	Huis Klippe Drift/ Secretary	14 September 2017
R Coetzer	Napier Community Police Forum	18 October 2017
W Adams – until October 2017	Napier Health and Welfare Forum	22 November 2017
E Africa – From November 2017		7 December 2017
M Sauls	Agulhas School of Skills	1February 2018
J De Kock	Overberg District Agricultural Association	10 April 2018
J Fillies	Napier Neighbourhood Watch	24 May 2018
P Richter	Elim Residents Forum	17 July 2018

E Johnson – until March 2018	Elim E-Centre	
Y Kerr – From April 2018		
P Apollis	Spanjaardskloof Residents	
K Donald	Napier Residents	

**b) WARD 2: PART OF BREDASDORP, KLIPDALE, HOUTKLOOF AND SURROUNDING FARMS**

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	MEETING DATES
<b>M October</b>	<b>Ward Councillor</b>	17 August 2017
F Koebergh – from September 2017	Otto Du Plessis Hospital Board	18 September 2017
K Dunston	AMSSS	19 October 2017
J Adams	De Heide Primary	23 November 2017
W Abrahams	Bredasdorp Residents Association	31 January 2018
E Wildschut	Young Peoples Rugby Club	27 February 2018
E Plaatjies	Cape Agulhas Ratepayers Association	15 March 2018
H Eksteen	Standards Rugby Club	12 April 2018
E Hendricks	Klipdale Residents	24 May 2018
M Meyer	Anglican Church	
F Koebergh –until August 2017	Anglican Church Men Society	
E Moos – From September 2017		

**c) WARD 3: PART OF BREDASDORP (TUSSEN TREINE (SIMUNYE), KLEINBEGIN, ZWELITSHA AND KALKOONDE)**

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	MEETING DATES
<b>R Baker</b>	<b>Ward Councillor</b>	21 Augustus 2017
A van Der Byl	Bredasdorp Neighbourhood Watch	19 September 2017
A Philiso – Until October 2017	Polapark residents	18 October 2017
Vacant		25 November 2017
Z Casiwe	Soccer Association	31 January 2018
H Temmers	Cape Agulhas Disability Forum	27 February 2018
E Pietersen	Compassion in Action	14 March 2018
K Grandfield	Religion	11 April 2018
A Klaasen	Sport	22 May 2018
A Rudolph	Woman in Progress	
B Gijana	WILCO	
J Van Reenen	Cape Agulhas Ratepayers Association	

**d) WARD 4: PART OF BREDASDORP (CBD), PROTEM, VAN DER STELSKRAAL AND SURROUNDING FARMS**

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	MEETING DATES
<b>J Nieuwoudt</b>	<b>Ward Councillor</b>	15 August 2017
D Gilomee	Otto du Plessis Hospital facility Council	26 September 2017
S van Dyk	ACVV Bredasdorp	17 October 2017
W Joubert	AGS Church	22 November 2016
M Geldenhuys	High School Bredasdorp	30 January 2018
J Bester	DR Church Bredasdorp	13 March 2018
M Hatting	WELFARE AND HEALTH	10 April 2018
L Marais	Lions Club	21 May 2018
H Odendaal	ACVV Service Centre	17 June 2018
R Arends	Individual	

J Neethling	Suideroord ACVV Home for the elderly	
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**e) WARD 5: STRUISBAAI, L'AGULHAS, SUIDERSTRAND, HAASVLAKTE AND SURROUNDING FARMS**

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	MEETING DATES
<b>P Swart</b>	<b>Ward Councillor</b>	21 August 2017
S Du Plessis	Struisbay Fishermen Union	18 October 2017
F De Wet – until May 2018	Cape Agulhas Business Forum	6 November 2017
E Krige – From July 2018		22 November 2017
H Joorst – until May 2018	Council of Stakeholders	5 February 2018
K Gertse – From July 2018		14 March 2018
C Visser	DR Church	25 April 2018
J Jacobs – until June 2017	Onse Hoop	
D de Jongh – until February 2018	Suidpunt Conservation Association	
Esna Swart – from March 2018		
R Fourie – until February 2018	Suidpunt Residents	
H Williams – From March 2018		
P van As	Springfield and Haasvlakte Rural Area	
G Thompson	Struisbaai Rugby Club	
J Taljaard	Agulhas National Park	

**f) WARD 6: BREDASDORP ( SELFBOU AREA AND BERGSIG), ARNISTON AND SURROUNDING FARMS**

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	MEETING DATES
<b>D Europa</b>	<b>Ward Councillor</b>	21 August 2017
J Moos	Sport ( Social Golf )	28 September 2017
M Meyer	Anglican Church ( woman )	17 October 2017
G Hendricks	Early Childhood Development ( Babbel and Krabbel )	28 November 2017
L Valentine	CARA	30 January 2018
N van Staden	Religion ( Verenigde Pinkster )	26 February 2018
W Marthinus	Religion – Arniston ( Siliom )	13 March 2018
G Gertse	Sea Hawks Rugby Club	10 April 2018
R Europa	Waenhuiskrans Fishermen Forum	15 May 2018
A Marthinus	Waenhuiskrans Ratepayers Association	
E R Adonis	Anglican Church ( Youth )	

**2.3.2.2 WARD COMMITTEE HIGHLIGHTS AND CHALLENGES****a) Ward Committee Highlights**

- Ward Committee Operational Plans for all wards were submitted to the Provincial Public Participation Unit. Positive feedback was received on all ward plans.
- The “Know your Ward Committee” campaign was implemented. Calendars with the photos of all ward committee members and the ward councillor were printed and distributed in the relevant wards. The campaign was funded by the Provincial Public Participation Unit.
- Paul Valentine, the official responsible for public participation and ward committees is a member of the Overberg Task team who will advise the Provincial Public Participation Unit on changes in the current ward committee legislation.
- 2 Ward Committee Members of each ward are represented on the CWP Local Reference Committee of the Municipality
- 2 Members of Wards 2,3 and 6 are also represented on the RSEP committee of the Municipality

**b) Ward committee challenges**

- To improve the functioning and feedback from representatives of organisations elected on the ward committees.
- To improve co-operation with Provincial CDW's to assist in Public Participation Initiatives of the Municipality

**2.3.3 REPRESENTATIVE FORUMS****2.3.3.1 LOCAL LABOUR FORUM**

The Local Labour Forum (LLF) is a legislated structure designed to strengthen the relationship between organized labour and management. The Collective Agreement of the SALGBC requires every employer to establish a Local Labour Forum with equal representation from the trade unions and the employer. The trade unions' representation is divided proportionate to their respective membership within the place of employment. Employer representatives consist of Councillors and Management, specifically the Municipal Manager and the Directors directly accountable to the Municipal Manager who are appointed in terms of section 57 of the Municipal Systems Act, 32 of 2000.

The table below indicates the members of the Local Labour Forum, and meeting dates for 2017/18.

**TABLE 46 LOCAL LABOUR FORUM**

NAME OF REPRESENTATIVE	CAPACITY	MEETING DATES
D O'Neill	Municipal Manager	10 August 2017
H Van Biljon	Director Financial Services and ITC	7 September 2017
K Mrali	Director Management	12 October 2017
Z Tonisi	Councillor	9 November 2017
D Burger	Councillor	8 December 2017
M October	Councillor	8 February 2018
F Xinela	SAMWU	28 March 2018
W Stanley	SAMWU	12 April 2018
R Jansen	SAMWU	10 May 2018
S Hendricks	SAMWU	8 June 2018
S Graaff	IMATU	
E Dyers	IMATU	
The Divisional Head HR and Organisational Development, Ms N Mlathi-Musewe and HR Official Mr J Diedericks participate in all Labour Forum meetings and play a strategic advisory role.		

**2.3.3.2 IDP FORUM (CAPE AGULHAS MUNICIPAL ADVISORY FORUM)**

The Cape Agulhas Municipal Advisory Forum (CAMAFA) was established in terms of Section 15 of the Municipal Planning and Performance Management Regulations, which require municipalities to establish a municipal wide structure to enhance community participation in respect of integrated development planning and performance management.



**TABLE 47 CAPE AGULHAS MUNICIPAL ADVISORY FORUM**

<b>MEMBERSHIP</b>	<b>MEETING DATES</b>
Executive Mayor (Chairperson)	31 October 2017
All Councillors	
Municipal Manager	
All Councillors	
2 Representatives from each Ward Committee	

## 2.4 COMPONENT D: CORPORATE GOVERNANCE

Corporate Governance is the set of processes, practices, policies, laws and relationships affecting the way an institution is directed, administered or controlled.

### 2.4.1 RISK MANAGEMENT

Section 62(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) stipulates that the “Accounting Officer must take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control” This legislative prescript coupled with the obligation to ensure that the resources of the municipality are used effectively, efficiently and economically underlie the implementation of risk management at Cape Agulhas Municipality.

Risk management has been managed as a shared service of the Overberg District Municipality (ODM) since 1 August 2015, when a Chief Risk Officer (CRO) was appointed. The shared service business model between the municipalities within the district is premised on the delivery of a uniform service under a shared cost model. This model brought about substantial cost-savings as it meant that in-house skills and resources were available, and there was a corresponding reduction on the need for external service providers for the establishment and maintenance of risk management structures and processes. At local level, the Cape Agulhas Municipality has a local risk champion.

The initiatives and actions performed by the Risk Management Unit (RMU) during 2017/18 include:

- Introduced bi-annual risk assessments to ensure the risk register is thoroughly reviewed by the managers at least once after the initial risk assessment. This is in addition to the periodic reviews conducted by management on their own initiative;
- Comprehensive annual departmental risk assessments, involving the heads of department and line managers, which contributed to the compilation of the most detailed risk register to date;
- Strategic risk assessment with the Council and Senior Managers;
- Commenced with a district fraud and corruption event library for use during fraud and corruption risk assessments;
- Continuous emphasis on fraud and corruption risks and the related risk action plans;
- Compilation and monitoring of a district risk management implementation plan;
- Compilation of a District Cross-Cutting Report containing the transversal risks of the municipalities in the Overberg district;
- Finalised the development of a Fraud Prevention and Anti-Corruption Strategy, Policy and Plan, which was workshopped with labour and management representatives and adopted by Council. These documents replaced the outdated Anti-Corruption and Fraud Prevention Plan;
- Policy workshop for Councillors on the contents of the Fraud Prevention and Anti-Corruption Strategy, Policy and Plan;
- Engagements with labour unions on the Code of Ethics for Municipal Staff, which was later adopted by Council;
- Introduced several Standard Operating Procedures to formalise and explain the risk management processes;
- Engaging and involving all levels of management with the risk management activities;
- Monthly updates on risk action plans by managers and monitoring by the Risk Management Unit.
- Quarterly compilation of the Combined Assurance Model based on the Combined Assurance Policy Framework adopted by Council;

- Comprehensive review of the Risk Management Strategy and Risk Management Policy to incorporate the new COSO framework *Enterprise Risk Management Integrating with Strategy and Performance* and document the established risk management processes of Cape Agulhas Municipality.
- Annual review of the Combined Assurance Policy Framework;
- The Business Continuity Committee Terms of Reference was approved to form a specialist oversight structure to oversee the development, implementation and continuous updating of Cape Agulhas Municipality's Business Continuity Plan. The first meeting has been held, where the business impact analysis (BIA) was reviewed;
- Participation in the Overberg District Internal Audit and Risk Management Forum;
- Performed a Risk Management Maturity Assessment to determine the Municipality's maturity level;
- Skills development of the Risk Officer in the area of enterprise risk management and combined assurance through attendance and successful completion of a short course.
- Improved co-operation between the RMU and Internal Audit, reducing duplication, increasing the sharing of risk information and improving assurance coverage, while respecting Internal Auditor's independence;
- Fraud and Risk Management Committee performance evaluation through individual assessments by the members in the form of a questionnaire;
- Adding value of "best practice" developments to the Fraud and Risk Management Committee. Review of the risk register, incident and emerging risks and corrupt, fraudulent and unethical incidents are now standard agenda items for Fraud and Risk Management Committee meetings.
- Regular communication and daily updates from the Institute of Risk Management South Africa;
- Provided recommendations for improvement of the software being utilised (Ignite Risk Assist Module);
- Risk management is a now a standing agenda item for Audit and Performance Audit Committee meetings, where the Chief Risk Officer provide feedback.
- Risk management training presentation provided to the Audit and Performance Audit Committee.

#### 2.4.1.1 FRAUD AND RISK MANAGEMENT COMMITTEE

A Fraud and Risk Management Committee (FARMCO) was established by the Municipal Manager on 29 June 2015. The FARMCO is a high level advisory body that assists the Accounting Officer to fulfil his/her responsibilities for Risk Management as set out in the MFMA, the Public Sector Risk Management Framework and corporate governance principles. The FARMCO operates within the parameters of a FARMCO Charter.

The FARMCO also oversees the effective implementation of the risk management processes, effective management of identified risks and provides timely and useful enterprise risk management reports to the Municipal Manager and the Audit Committee of the Municipality.

The table below indicates the membership and meeting dates.

**TABLE 48 FRAUD AND RISK MANAGEMENT COMMITTEE (FARMCO)**

NAME	CAPACITY	MEETINGS
Mr A Kok	External Chairperson	29 September 2017
Mr A Jacobs	Director: Infrastructure services	22 November 2017
Mr H Van Biljon	Director: Financial Services and ITC	19 March 2018
Mr K Mrali	Director: Management Services	22 June 2018
Mrs T Stone	Division Head: Strategic Planning and Administration	
Mrs N Mhlathi-Musewe	Division Head: Human Resources and Organizational Development	

Mr W van Zyl	Manager: ICT	
Mr S Cooper	Manager: Electrical Services	
STANDING INVITEES		
Mr N Davids	Risk Management Officer of the Cape Agulhas Municipality (Secretariat).	
Mr A Riddles	The Chief Risk Officer of the Overberg District Municipality shared risk management service (Advisory)	
Mr B Swart	Chief Audit Executive of Cape Agulhas Municipality (Advisory and observation)	

#### 2.4.1.2 RISK ASSESSMENTS

The risk assessment process for 2017/18 commenced in March 2017. The risks identified were classified into high, medium and low risks to determine the inherent risk (impact risk before taking controls into consideration) as well as residual risks (after taking existing control measures into consideration).

The risk assessment results were submitted to the FARMCO on 24 March 2017. The operational risks were recommended for approval by the Municipal Manager who subsequently signed them off and the strategic risks were recommended for approval by Council.

The following table contains the Municipalities top strategic risks:

**TABLE 49 STRATEGIC RISK REGISTER 2017/08**

RISK DESCRIPTION	CURRENT CONTROLS	RESIDUAL RISK	RISK ACTIONS
Illegal Erection of Informal Structures and Land invasions	<ul style="list-style-type: none"> <li>Weekly surveys done by housing department to prevent land invasions.</li> <li>Incidents of illegal occupation reported to law-enforcement</li> <li>Land invasion and squatter control policy.</li> <li>Ongoing training. Inter-departmental SOP (Housing and Law enforcement)</li> </ul>	High	<ul style="list-style-type: none"> <li>Budget for Drone technology</li> <li>Present a proposed action plan to Portfolio committee on dealing with possible future influxes of people</li> <li>2. Present an proposed action plan to Portfolio committee on dealing with possible future influxes of people</li> <li>Review Housing and Squatter control Policies</li> </ul>
Financial viability of the municipality	<ul style="list-style-type: none"> <li>LTFP adopted - June 2015.</li> <li>Strategies adopted - December 2015</li> <li>Revenue Enhancement Strategy</li> </ul>	High	<ul style="list-style-type: none"> <li>Execution of the revenue enhancement framework (execution of targets within planned periods)</li> <li>Cleansing and updating of debtors/indigents/informal settlement</li> <li>Explore the possible utilization of municipal assets (land and buildings)</li> <li>Monthly report to finance portfolio committee of long term financial plan and revenue enhancement framework</li> <li>Formulate KPI's for each manager involved with long</li> </ul>

RISK DESCRIPTION	CURRENT CONTROLS	RESIDUAL RISK	RISK ACTIONS
			term financial and revenue enhancement framework
MSCOA	<ul style="list-style-type: none"> <li>- MSCOA Committee established.</li> <li>- Outdated implementation plan approved</li> </ul>	High	<ul style="list-style-type: none"> <li>- Planned AG mid-year audit</li> <li>- Continuous monitoring of project implementation plan</li> </ul>
Non-Adherence to Permit Conditions (Landfill Sites)	<ul style="list-style-type: none"> <li>- Monitoring of the run-off water</li> <li>- Run-off Water Canal from adjacent land</li> </ul>	High	<ul style="list-style-type: none"> <li>- Awaiting final report on regional landfill investigation</li> </ul>
Eskom maximum demand capacity restraints in the Cape Agulhas Municipal area	<ul style="list-style-type: none"> <li>- Innovative tariff structures and embedded generation to assist with the reduction in Notified Maximum Demand</li> </ul>	Medium	<ul style="list-style-type: none"> <li>- Submission of Business plan to Department of Energy to secure funding for a new line and sub-station</li> <li>- EEDSM Initiatives and energy efficiency through embedded generation and smart installation. (Green energy initiative)</li> </ul>
Provision of long term bulk water supply - source	<ul style="list-style-type: none"> <li>- Water demand management.</li> <li>- Monitoring of ground water levels.</li> </ul>	Medium	<ul style="list-style-type: none"> <li>- Drafting of water services development plan. (Budgeting and Procurement)</li> <li>- Arrange and execute water workshop with Council and Management</li> </ul>

### 2.5.1.3 RISK POLICIES AND STRATEGIES

The Municipality has a Risk Management Policy and Risk Management Strategy and Implementation Plan in place that were reviewed by FARMCO on 24 March 2017. The charter, policy and strategy were later submitted to Council for approval on 31 March 2017 in line with the National Treasury Risk Management Framework.

TABLE 53 RISK POLICIES AND STRATEGIES

NAME OF DOCUMENT	DEVELOPED YES/NO	COUNCIL APPROVAL
FARMCO Charter	Yes	31 March 2017 (Council Resolution 36/2017)
Risk Management Policy	Yes	31 March 2017 (Council Resolution 36/2017)
Risk Management Strategy	Yes	31 March 2017 (Council Resolution 36/2017)

### 2.4.2 ANTI-CORRUPTION AND ANTI-FRAUD

Section 6(2)(c) of the Municipal Systems Act (MSA) states that the municipality must take measures to prevent corruption, section 83(1)(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1)(m)(i) obligates the municipality to institute supply chain measures to combat fraud and corruption, favouritism and unfair and irregular practices. The Prevention and Combating of Corrupt Activities Act defines corruption and specific corrupt activities and imposes a reporting obligation on the Accounting Officer.

The Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings regulates the reporting, investigation and disciplinary proceedings regarding allegations of financial misconduct, including fraud and corruption.

TABLE 50 ANTI CORRUPTION AND FRAUD STRATEGIES

Name of strategy	Developed Yes/No	Date Adopted
Fraud Prevention and Anti-Corruption Strategy	Yes	26 September 2017
Fraud Prevention and Anti-Corruption Policy	Yes	26 September 2017
Fraud Prevention and Anti-Corruption Plan	Yes	26 September 2017

The following table provides an overview of the Municipality's implementation strategies:

TABLE 51 IMPLEMENTATION STRATEGIES

KEY RISK AREAS	KEY MEASURES TO CURB CORRUPTION AND FRAUD
Policy	<p>A Fraud Prevention and Anti-Corruption Policy is a key defence mechanism because it emphasises that the Municipality has a formal framework in place to deal with fraud and corruption. It answers key questions such as:</p> <ul style="list-style-type: none"> <li>• What is fraud and corruption?</li> <li>• How do we deal with it when it arises?</li> <li>• What are the roles and responsibilities?</li> <li>• What are the sanctions?</li> </ul>
Institutional arrangements	The creation of specific structures (e.g. a fraud and risk committee) and the definition of roles and responsibilities facilitates coordination and management of programme implementation. At municipal level, these would include structures such as internal audit and the external audit committees.
Systems and control	With well-structured and documented systems and controls in place, gaps and loopholes are nullified that are often used to perpetrate fraud and corruption. These systems and controls also enable monitoring and management mechanisms that will facilitate detection where there are attempts to override or circumvent such systems and controls. Importantly, systems and controls will ensure compliance with policies and regulations. Supply chain management is a good example of where systems and controls are crucial in preventing fraud and corruption
Fraud and corruption risk management	All organisations have systems and controls in place with varying levels of structure and detail. Despite this, organisations are still vulnerable to fraud and corruption because systems and controls are not properly implemented or their inherent gaps and weaknesses can be exploited. Conducting fraud and corruption risk assessments enables organisations to test the integrity and completeness of their systems and controls with a view to implementing measures that strengthen areas of weakness and closing gaps. This approach proactively allows the organisation to prevent fraud and corruption
Training, awareness and communication	Making managers, staff, suppliers and customers aware of the risks of fraud corruption, how to deal with it, what the consequences are and why it is important to prevent and fight it are key weapons in building up an organisational culture that opposes fraud and corruption. Training will make managers and staff aware of what to watch out for so that they do not willingly or unwillingly participate in acts of fraud and corruption. Communicating successes in dealing with fraud and corruption serves as deterrent to others and builds the corporate image of an institution.

### 2.4.3 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an Audit Committee is an independent advisory body, which must –

(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance management; and
- effective governance.

Cape Agulhas Municipality split its combined Audit and Performance Audit Committee into separate Committees during the year due to the very different mandates of the Committees. The Audit Committee members also serve as members of the Performance Audit Committee. Although it is now two Committees, the meetings are held on the same day and there are no additional costs for the municipality due to the split.

#### 2.4.3.1 FUNCTIONS OF THE AUDIT COMMITTEE

The main functions of the Audit Committee are prescribed in in Section 166(2) (a-e) of the MFMA and the Local Government Municipal and Performance Management Regulations and are as follows:

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements, and to provide Council with an authoritative and credible view of the financial position of the Municipality, its efficiency and its overall level of compliance with the MFMA, the Annual Division of Revenue Act (Dora) and other applicable legislation.
- To respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by Internal Audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the Municipality.
- To review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

#### 2.4.3.2 MEMBERS OF THE AUDIT COMMITTEE

The table below indicates the membership and meeting dates of the Audit Committee of the Cape Agulhas Municipality:

TABLE 52 MEMBERS OF THE AUDIT COMMITTEE

NAME	CAPACITY	PERIOD SERVED	MEETING DATES
Mr. C Pieterse	Chairperson	1/7/2017 – 30/9/2017	28 August 2017
Mrs. M Weitz	Member	1/7/2017 – 31/8/2017	21 September 2017
Mr. E Lakay	Member	1/7/2017 – 31/8/2017	24 November 2017
Mr. P Strauss	Member	1/7/2017 – 30/9/2017	23 March 2018

	Chairperson	1/10/2017 – 30/6/2018	(The meeting on the 4 <sup>th</sup> quarter of 2017/18 was held on 2 July 2018)
Mrs. B Salo	Member	1/8/2017 - 30/6/2018	
Mr. R Mitchell	Member	1/8/2017 - 30/6/2018	

In terms of the Provincial Treasury guidelines, members may only serve on the Committee for two terms but not for a period exceeding six years. The committee member's contracts all expired in October 2017 and the Municipality embarked on a systematic process of replacement of members to ensure continuity and adherence to the guidelines. As at 30 June 2018 there was one vacancy on the Committee.

### 2.4.3.3 MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS

TABLE 53 MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS

DATE OF COMMITTEE MEETING	COMMITTEE RECOMMENDATIONS DURING 2016/17	ACTIONS TAKEN ON RECOMMENDATIONS
29 August 2016	1. That Council be approached to limit the number of members of the Committee to four. Internal Audit to take it up with the Speaker.	Taken up with Speaker and tabled in Council and the Committee will be kept at 4 members
	2. That the Committee review its current functioning at the next meeting in terms of the revised charter to ensure that the Committee is fulfilling its mandate	Review done at the meeting held on 21 September 2017
	3. That the audit plan be reviewed in conjunction with the Municipal Manager and re-submitted to the Committee for consideration	Done as part of recommendation 5 below
21 September 2017	4. That the table detailing the review of Internal Audit Reports be expanded with more detail on the significant findings to better inform the Council	Quarterly reports to Council now expanded with additional detail
	5. That if there remains a shortfall following finalisation of the RBAP, the audits be prioritised and that other possibilities be considered such having some audits done externally	Discussions held with the external auditors and the Municipal manager to possibly eliminate duplication as well as the roll-over of audits to 2018/19. The current vacant position will also be filled in 2018/19 which will address the current capacity constraints
	6. That the Supply Chain Management reports include detail on all deviations approved	Detail now included in reports submitted to the Committee
	7. That the Internal Audit Unit liaise with the AG when finalising the 2017/18 RBAP to ensure a more cost effective combined assurance process	Done as part of recommendation 5 above
24 November 2017	8. That the current top risks of the municipality be reviewed in terms of the high risks of the mSCOA compliance and concerns around the new financial system's functionality	Top risks reviewed and amended accordingly
	9. That, due to the timing of the Committee meeting, a full internal audit progress report be submitted to the Committee members in January 2018	Full report for quarter 3 was tabled in Council during the meeting of March 2018
	10. The matter of the municipality's evacuation plans that has not yet been approved must be included in the Committee's quarterly report for escalation to Council	The item was escalated to Council via the Committee's quarterly report and the matter is currently being dealt with



	11. That the Committee's concerns regarding the new financial system be elevated to Council and included in their report to Council for the quarter ended 31 December 2017	Item included in the Committees report for the quarter ended 31 December 2017
	12. That Internal Audit look specifically at the findings related to the asset register due to the sharp increase in findings for 2016/17	Item was included in the 2017/18 audit plan
23 March 2018	13. In future the Municipal Manager and all Directors must attend the Audit Committee meeting due to the high level items on the agenda. Directors will only attend for the transversal items and other items that affect all Directors. The Municipal Manager should attend the whole meeting	The Municipal Manager and Chief Financial Officer attends all meetings (depending on possible prior commitments) and Directors are attending as and when required
	14. In view of the current capacity issues at the Internal Audit section, it was decided that the Internal Audit assessment and reporting to the Chief Risk Officer on the combined assurance module will be done bi-annually	Included in the internal audit plan for 2018/19
	15. That the % hours spend on each audit item in the report be replaced with the actual hours worked	Internal Audit quarterly progress report amended accordingly
	16. That higher level interaction be instituted to ensure that actions regarding compliance to Laws and Regulations are updated and approved before due date	Matter raised in the Directors meeting and item is also a standing item on the agenda
	17. It was requested that, for future meetings, only the risks associated with ICT be tabled in the meetings	Implemented
	18. Due to the current situation it is recommended that the risks associated with mSCOA and the new financial system be kept on the risk register until all issues has been resolved	Implemented
	19. That the concerns regarding the leasing of municipal land be included in the Committee's quarterly report to Council for the period ending 31 March 2018	Included in the Committee's quarterly report and tabled in Council
	20. That the vacant position on the Audit committee position be advertised	Position advertised and filled on 25 September 2018
	21. That the Committee support the following: <ul style="list-style-type: none"> <li>• That the naming of the head of the internal audit position be changed to "Chief Audit Executive (Head of Internal Audit)" to be in line with all legislation as well as Circular 65. Only the name will change with no financial implication.</li> <li>• That the municipality's macro organogram be amended to indicate- <ul style="list-style-type: none"> <li>○ the Audit Committee as a separate Committee reporting directly to Council;</li> <li>○ the internal audit section reporting functionally to the audit Committee (solid line); and</li> <li>○ a dotted line from internal audit directly to the Municipal Manager to indicate internal audits administrative reporting line.</li> </ul> </li> </ul>	Recommendation implemented and organogram amended accordingly and approved by Council

#### 2.4.4 PERFORMANCE AUDIT COMMITTEE

The Local Government Municipal and Performance Management Regulations require that the Performance Audit Committee comprise a minimum of three members, the majority of whom are external (neither a councillor nor an employee) of the municipality. Section 14(2) (b) stipulates that the Performance Audit Committee must include at least one person who has expertise in performance management. It is also a requirement of Section 14(2)(d) that the Council of a municipality designate a member of the Performance Audit Committee who is neither a councillor nor an employee of the municipality as the Chairperson of the Committee.

##### 2.4.4.1 FUNCTIONS OF THE PERFORMANCE AUDIT COMMITTEE

In terms of Section 14(4) (a) of the Local Government Municipal and Performance Management Regulations the performance Audit Committee has the responsibility to –

- review the quarterly reports produced and submitted by the internal audit process;
- review the municipality's performance management system and make recommendations in this regard to the Council of the municipality; and
- at least twice during each financial year submit a performance audit report to the Council of the municipality.

##### 2.4.4.2 MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE

The table below indicates the membership and meeting dates of the Performance Audit Committee of the Cape Agulhas Municipality:

TABLE 54 MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE

NAME	CAPACITY	PERIOD SERVED	MEETING DATES
Mr. C Pieterse	Chairperson	1/7/2017 – 30/9/2017	28 August 2017
Mrs. M Weitz	Member	1/7/2017 – 31/8/2017	21 September 2017
Mr. E Lakay	Member	1/7/2017 – 31/8/2017	24 November 2017
Mr. P Strauss	Member	1/7/2017 – 30/9/2017	23 March 2018
	Chairperson	1/10/2017 – 30/6/2018	(The meeting on the 4 <sup>th</sup> quarter of 2017/18 was held on 2 July 2018)
Mrs. B Salo	Member	1/8/2017 – 30/6/2018	
Mr. R Mitchell	Member	1/8/2017 – 30/6/2018	

##### 2.4.4.3 MUNICIPAL PERFORMANCE AUDIT COMMITTEE RECOMMENDATIONS

TABLE 55 MUNICIPAL PERFORMANCE AUDIT COMMITTEE RECOMMENDATIONS

DATE OF COMMITTEE MEETING	COMMITTEE RECOMMENDATIONS DURING 2016/17	ACTIONS TAKEN ON RECOMMENDATIONS
29 August 2016	1. That the Committee review its current functioning at the next meeting in terms of the revised charter to ensure that the Committee is fulfilling its mandate	Review done at the meeting held on 21 September 2017
21 September 2017	2. That the table detailing the review of Internal Audit Reports be expanded with more detail on the significant findings to better inform the Council	Quarterly reports to Council now expanded with additional detail

24 November 2017	None	
23 March 2018	None	

#### 2.4.5 INTERNAL AUDITING

Section 165 of the MFMA requires that:

The internal audit unit of a municipality must –

- prepare a risk based audit plan and an internal audit program for each financial year; and
- advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
  - internal audit matters
  - internal controls
  - accounting procedures and practices
  - risk and risk management
  - performance management
  - loss control
  - compliance with laws and regulations

The role of internal audit is to assist the Municipality in achieving its objective by bringing a systematic and disciplined approach to the evaluation and improvement of effectiveness of risk management, internal control and governance processes. Its activities are, therefore, guided by a philosophy of adding value to improve the operations of the Municipality.

The Municipality has an in-house internal audit function that consists of the head of the internal audit unit and one auditor. The head of the internal audit function is currently also the Deputy Chairperson of the Western Cape Local Government Internal Audit Forum and is also the Chairperson of that forum's Technical Committee.

The table below shows the functions that were performed during the financial year under review by the Internal Audit function:

**TABLE 56 INTERNAL AUDIT FUNCTIONS**

<b>FUNCTION</b>	<b>DATE/NUMBER</b>
▪ Execution of the Risk Based Audit Plan for 2017/18	▪ Ongoing during the financial year
▪ Attendance of management, Mayco, Council and Portfolio Committee meetings where required	▪ Ongoing during the financial year
▪ Driving the Municipal Governance Review and Oversight process as well as the gap analysis process and system	▪ Ongoing during the financial year
▪ Assisting the Manager: Strategic Services with the Service Delivery Budget Implementation Plan through the quarterly auditing of performance	▪ Ongoing during the financial year
▪ Attending the Chief Audit Executive and Chief Risk Officers forums	▪ Ongoing during the financial year
▪ Auditing of and issuing audit reports on: <ul style="list-style-type: none"> <li>○ Compliance to laws and regulations</li> <li>○ Administration of grants received through the annual Division of revenue Act</li> <li>○ Administration of the housing waiting list (follow-up audit)</li> <li>○ Updated land use register (follow-up audit)</li> </ul>	▪ Ongoing during the financial year

<ul style="list-style-type: none"> <li>○ Annual review of policies (follow-up audit)</li> <li>○ Staff appraisal process (follow-up audit)</li> <li>○ Reporting on performance measurements</li> <li>○ Process followed with motor vehicle accidents (follow-up audit)</li> <li>○ Controls around overtime worked (follow-up audit)</li> <li>○ Municipality's readiness to implement the mSCOA accounts</li> </ul>	
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#### 2.4.6 BY-LAWS AND POLICIES

Section 11 of the Municipal Systems Act gives a Municipal Council the executive and legislative authority to pass and implement by-laws and policies. The tables below indicate the policies and by-laws developed and reviewed during the financial year:

**TABLE 57 POLICIES DEVELOPED AND REVIEWED**

POLICY	STATUS	DATE APPROVED	RESOLUTION
Mayors Bursary Policy / External Bursary Policy	Review	31 October 2017	221/2017
Anti-Corruption and Fraud Prevention Policy, Strategy and plan	New	26 September 2017	199/2017
Code of Ethics for Municipal Councillors and Staff	New	26 September 2017	198/2017
Remuneration Policy	New	7 December 2017	247/2017
Small Scale Embedded generation Policy	New	27 March 2018	24/2018
Uniform / Protective Clothing Policy	New	7 December 2017	247/2017
Property Rates Policy	Review	22 June 2017	82/2018
Subsistence and Travelling Policy	Review	22 June 2017	82/2018

**TABLE 58 BY-LAWS DEVELOPED AND REVIEWED**

BY-LAWS	STATUS	DATE APPROVED	RESOLUTION
None			

#### 2.4.7 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the abovementioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of Batho Pele and this, in simple terms, means that those we elect to represent us (councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

South Africa has adopted a system of developmental local government, which addresses the inequalities, and backlogs of the past while ensuring that everyone has access to basic services, to opportunities and an improved quality of life.

To be successful, communications must focus on the issues that are shown to impact on the residents' perceptions, quality of service, value for money and efficiencies. They should ideally look to close the communication-consultation loop, i.e. tell people how they can have a say and demonstrate how those who have given their views have had a real impact.

#### 2.4.7.1 THE COMMUNICATION UNIT

Communications falls within the office of the Municipal Manager and is done by the Senior Officer: External and Internal Communication who was appointed in September 2016. The communication officer participates actively in District and Provincial Public Participation Communication (PPCOMM) Information and Communication Technology Forum (ICTFORUM) and Communicators Technical (COMMTECH) Forums.

The following are some of the initiatives undertaken by the communication unit during the year:

- CAM Communication has focussed on assisting with public participation campaigns like the IDP and Budget Imbizo's.
- The Unit also focussed on internal communication and an induction booklet was developed for the Human Resources Department to use.
- Municipal Matters has grown in the different type of media platforms used to communicate municipal matters; it started with a weekly radio-slot and has now extended to printed media in the form of a regular insert in one of the local newspaper that is being distributed free of charge.
- In partnership with Open Up, a microsite was developed for residents and staff to have easy access to all the Cape Agulhas Municipal by-laws in an easy downloadable format, this microsite has a link on the municipal website to direct visitors to the microsite and back.
- Regular photographic coverage of different events ranging from ministerial visits, sport events, festivals, service delivery in actions to public meetings has been done. These events are also used to record sound bites for the weekly radio-slot called municipal matters.
- Content creation and management of web and social media posts in the form of various advertisement and notices etc. is being done on a regular basis.

#### 2.4.7.2 COMMUNICATION POLICIES AND STRATEGIES

TABLE 59 COMMUNICATED RELATED POLICIES AND STRATEGIES

POLICY / STRATEGY	DATE APPROVED
Communication Strategy and Implementation Plan Review	28 June 2015

#### 2.4.7.3 COMMUNICATION PLATFORMS

The Municipality has a number of communication platforms, which are detailed below. Additional measures such as flyers, loud hailing are used as and when required.

##### a) Newsletters

TABLE 60 NEWSLETTER DISTRIBUTION

TYPE OF NEWSLETTER	NUMBER DISTRIBUTED	CIRCULATION NUMBER	DISTRIBUTION
Internal	4	+/- 350	Quarterly

External	4	+/- 10 000 households	Quarterly
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**b) Other communication channels**

**TABLE 61 ADDITIONAL COMMUNICATION CHANNELS**

CHANNEL	YES/NO	NUMBER OF PEOPLE REACHED	NUMBER OF PEOPLE REACHED
		2016/17	2017/18
Facebook	Yes	232 017	517888
Twitter	Yes	102	197
SMS system	Yes	4353	5876
E-mail newsflashes	Yes	2315	2305
Radio (weekly slot)	Yes	16 000 RAMS (6 months)	20 000 RAMS (6 months)

The following table provides a detailed breakdown of our Facebook statistics

**TABLE 62 DETAILED STATISTICS FOR FACEBOOK**

MONTH	YEAR	POSTS	REACHED	HIGHEST REACH PER POST	POST TITLE
July	2018	21	38639	7173	Reports of a fire near Andrews Field
June	2018	24	34307	8927	ESKOM's winter contingency plan
May	2018	32	40279	3847	SASSA meeting
April	2018	11	22231	4075	Auntie Miemie turns 100 years old
March	2018	44	42173	16459	ESKOM Planned Power Outage
February	2018	7	7306	2711	Waterbeperkings
January	2018	23	29167	6012	PAY Project Internship Programme
December	2017	29	46109	14503	Vuurwerk Struisbaai
November	2017	10	40376	14338	Blue Flag Beach Opening Ceremony
October	2017	28	128400	16757	Kennisgewing: Waterbeperkings
September	2017	45	41898	5175	Mayoral Imbizo's
August	2017	39	47003	7754	Random Breath Testing Operation
<b>TOTAL</b>		<b>313</b>	<b>517888</b>		

#### **2.4.8 THE MUNICIPAL WEBSITE**

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The website serves as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. A communication tool should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the Municipality's Communication Strategy.

The table below provides information on documents that are published on our website:

**TABLE 63 WEBSITE CHECKLIST**

DESCRIPTION OF INFORMATION AND/OR DOCUMENT	PUBLISHED YES/NO
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Budget 2017/18	Yes
Adjusted Budget 2017/18	Yes
Asset Management Policy	Yes
Masakhane - Debt Collection and Credit Control Policy (2017)	Yes
Funds and Reserves Policy	Yes
Investment Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy (2017)	Yes
Budget & Virement Policy	Yes
Petty Cash Policy (2017)	Yes
Borrowing Policy	Yes
Top layer SDBIP 2017/18	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2017/18	Yes
IDP Process Plan for 2017/18 (Time schedule of key deadlines	Yes
<b>Reports (Sections 52(d), 71, 72 &amp; 75(1)(c) and 129(3) of the MFMA)</b>	
Annual Report of 2016/17	Yes
Oversight reports 2016/17	Yes
Mid-year budget and performance assessment (Approved 25 January 2018)	Yes
Quarterly reports	Yes
Monthly Budget Statements	Yes
<b>Local Economic Development (Section 26(c) of the MSA)</b>	
Local Economic Development Strategy (2017)	Yes
<b>Performance Management (Section 75(1)(d) of the MFMA)</b>	
Performance Agreements for employees appointed as per Section 57 of MSA	Yes
<b>Assurance Functions (Sections 62(1), 165 &amp; 166 of the MFMA)</b>	
Internal Audit Charter (2012)	Yes
Audit Committee Charter (2012)	Yes
Risk Management Strategy & Implementation Plan (2017)	Yes

#### 2.4.9 CLIENT SERVICES

Provision was made on the revised organisational structure for a dedicated Client Services Unit. The aim of this Unit is to improve customer care, and to ensure the provision of quality services to the public.

**TABLE 64 CLIENT SERVICE ACTIVITIES**

CLIENT SERVICE ACTIVITIES	YES/NO	DATE /COMPLETED
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Functional complaint management system	Yes	Continuous
Management of complaints and status reporting	Yes	continuously
Customer satisfaction survey	Yes	July 2016
Mini-Customer Care Surveys	Yes	monthly
Client Services Charter approval	Yes	September 2016
Complaints quality assurance	Yes	continuously
Client Services Charter review	Yes	June 2017
Functional after-hours emergency desk	Yes	continuously

We have extended the scope of Client Services to improve service delivery in the following ways:

- Drafting of news articles for publication purposes in reaction to issues raised by members of the public in the printed media.
- Daily scanning of social media to identify issues raised. These issues are being logged on our Ignite Complaints System in order for the relevant department to resolve. The log number of any possible issues are being communicated to complainants, together with the contact details of the relevant department responsible for attending to the specific issue raised.
- Monthly inspections are being conducted to identify issues such as possible potholes, shortage of road traffic signs, etc. Reports are then prepared and submitted to the relevant departments to follow-up. The aforementioned forms part of pro-active measures implemented by us to ensure good service delivery.

#### 2.4.10 SUPPLY CHAIN MANAGEMENT

Supply Chain Management Unit (SCM) falls within the Financial Services and IT Directorate and is continuously improving its processes and procedures in order to ensure that the Municipality receives value for money in terms of demand and acquisition management.

##### 2.4.10.1 SUPPLY CHAIN MANAGEMENT POLICY

The Supply Chain Management Policy was reviewed on 29 May 2018, as part of the annual budget policy review. The review addressed the latest legislative amendments; SCM Regulations, Treasury Circulars and recommendations made by the Auditor-General and Provincial Treasury to give enhance compliance. This will enable the Supply Chain Management Unit to streamline procedures and processes to promote more efficient and effective service delivery to all internal and external stakeholders.

##### 2.4.10.2 BID COMMITTEES

The bid committees are established and are fully functioning according to Council's SCM Policy and the SCM Regulations. The committees are as follows:

- Bid Specification Committee (BSC)
- Bid Evaluation Committee (BEC)
- Bid Adjudication Committee (BAC)

The following table details the number of bid committee meetings held for the 2017/18 financial year:

**TABLE 65 BID COMMITTEE MEETINGS**



BID SPECIFICATION COMMITTEE	BID EVALUATION COMMITTEE	BID ADJUDICATION COMMITTEE
11	17	16

The attendance figures of members of the bid specification committee are as follows:

TABLE 66 ATTENDANCE OF MEMBERS OF BID SPECIFICATION COMMITTEE

MEMBERS	PERCENTAGE ATTENDANCE
There are no permanent members on the Bid Specification Committee. Members are allocated dependent on the type of bid	100%

The attendance figures of members of the bid evaluation committee are as follows:

TABLE 67 ATTENDANCE OF MEMBERS OF BID EVALUATION COMMITTEE

MEMBER	PERCENTAGE ATTENDANCE
There are no permanent members on the Bid Evaluation Committee. Members are allocated dependent on the type of bid	100%

The attendance figures of members of the bid adjudication committee are as follows:

TABLE 68 ATTENDANCE OF MEMBERS OF BID ADJUDICATION COMMITTEE

MEMBER	PERCENTAGE ATTENDANCE
H Van Biljon (Director: Finance & ITC Services)	93.75 %
S Stanley (Manager: Budget & Treasury Office)	75.00%
K Mrali (Director: Management Services)	93.75%
A Jacobs (Director: Infrastructure Services)	50.00%
N Mhlathi-Musewe (Division Head: Human Resources and Organisational Development)	75.00%
T Stone (Division Head: Strategic, Planning & Administration Services)	62.50%

The percentages as indicated above includes the attendance of those officials acting in the position of a bid committee member.

#### a) Awards Made by the Bid Adjudication Committee

The following awards were made by the BAC.

TABLE 69 SUMMARY OF AWARDS MADE BY BAC

AWARDS	1 <sup>ST</sup> QUARTER		2 <sup>ND</sup> QUARTER		3 <sup>RD</sup> QUARTER		4 <sup>TH</sup> QUARTER		YEAR TO DATE	
	1 JULY – 30 SEPTEMBER 2016		1 OCTOBER – 31 DECEMBER 2016		1 JANUARY – 31 MARCH 2017		1 APRIL 2017 – 30 JUNE 2017		1 JULY 2016 – 30 JUNE 2017	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Competitive Bids	4	R 1 136 560,28	8	R 7 018 012,87	5	R 3 167 582,07	6	R 1 660 559,76	23	R 12 982 714,98

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Formal Written Quotations	8	R 765 036,94	4	R 237 617,42	5	R 288 668,28	4	R 314 427,00	21	R 1 605 749,64
Deviation In Terms Of Part 18.6.3 Of The SCMPOS	3	R 910 484,66	0	R 0,00	1	R 973 981,80	1	RATES	5	R 1 884 466,46
Sale Of Erven	2	R 35 000,00	0	R 0,00	0	R 0,00	2	R 330 162,00	5	R 365 162,00
Extensions / Amendment Of Contracts In Terms Of Part 20.14 Of The SCMPOS	0	R 0,00	4	R 570 340,60	2	R 9 724,50	3	R 182 092,20	9	R 762 157,30
Procurement In Terms Scm Regulation 32	0	R 0,00	0	R 0,00	1	R 6 812 245,63	2	R 1 697 000,00	3	R 8 509 245,63
Number of Disputes, Complaints, Enquiries and Objections Received	3		0		0		0		3	

**b) Ten highest bids**

The ten highest bids awarded by the bid adjudication committee are as follows:

**TABLE 70 SUMMARY OF TEN HIGHEST BIDS**

BID NUMBER	DIRECTORATE AND SECTION	TITLE OF BID	SUCCESSFUL BIDDER	VALUE OF BID AWARDED
SCM25/2017/18	Finance & ICT Services - ICT Services	ICT Support Services For A Period Of 36 Months	DFA Solutions	R 3 846 686,75
SCM10/2017/18	Infrastructure Service - Roads & Stormwater	Upgrading Of Gravel Roads To Surfaced Standard In Bredasdorp & Napier	Cape Agulhas Civics CC	R 3 259 961,10
RT57-03-08-04	Infrastructure Service - Solid Waste	Rt57/2016: supply and delivery of motor vehicles, light and heavy commercial vehicles, busses and motor cycles to the state: period 1 July 2016 to 31 March 2018. - 10 ton payload refuse truck, with dual rear wheels on tandem axles (604). Fitted with diesel engine capacity of 11000cm3 and Automatic transmission. 20,6m3 - HC 250 refuse compactor with bin lifters - Tata Novus v3txf	TATA Automobile Corporation PTY LTD	R 2 359 287,00
SCM7/2018/19	Infrastructure Service - Solid Waste	Transport service for containerised waste from public drop-off's and open spaces to Bredasdorp landfill for a period of 3 years	DP Truck Hire	R 2 096 651,25
SCM21/2017/18	Infrastructure Service - Roads & Stormwater	Paving of sidewalks in LÁgulhas	Cape Agulhas Civics CC	R 1 370 828,75
SCM20/2017/18	Management Services - Public Services	Upgrading of tidal pools in LÁgulhas	LUCOR CONSTRUCTION PTY LTD	R 1 041 584,76
SCM6/2017/18	Infrastructure Service - Roads & Stormwater	Upgrading of industrial road in Struisbaai	Cape Agulhas Civics CC	R 998 697,00

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SCM1/2017/18	Management Services - Public Services	Building of bathrooms	Entas Construction And Projects CC	R 882 050,00
	Infrastructure Services - Water & Sanitation Services, Roads & Stormwater	Appointment of professional service providers - structural engineering services	WEC Consult PTY LTD	R 672 144,00
SCM7/2017/18	Infrastructure Services - Water & Sanitation Services	Replacement of water main in Viljoen Street, Bredasdorp	AMS Civils PTY LTD	R 603 077,10

c) **Reported bids over R100 000**

In terms of MFMA Circular 34, all awards above R100 000 must be reported to Provincial and National Treasury within 15 days of the end of each month. The Municipality awarded a total of 53 bids over the value of R100 000 during the 2017/18 financial year.

TABLE 71 REPORTED BIDS OVER R100 000

CONTRACT IDENTIFIER	COMMODITY DESCRIPTION	SUPPLIER	BEE STATUS	SOURCE METHOD	CONTRACT VALUE	LOWEST ACCEPTABLE (Bid value)	PREMIUM PAID (Value)	EXPANSION VALUE
T66/2017	Appointment of a travel agency for a period of 3 years. (SCM3-2017-18)	Harvey world travel Bredasdorp	Level 4	Competitive bids	R 97 000,00	R 97 000,00	-	R 97 000,00
T14/2018	Building of bathrooms (SCM18/2017/18)	Entas Construction and Projects	Level 1	Competitive bids	R 882 050,00	R 882 050,00	-	R 882 050,00
T67/2017	Construction of a new disabled toilet at the Bredasdorp sports ground. (q5-2017-18)	Huwill Construction CC	Level 1	Price quotations	R 88 806,00	R 88 806,00	-	R 88 806,00
T18/2018	Construction of play park in Bredasdorp (q21/2017/18)	Entas Construction and Projects	Level 1	Price quotations	R 115 000,00	R 115 000,00	-	R 115 000,00
T26/2018	Establishment of server room at Napier offices. (SCM23-2017-18)	Trackos Projects (PTY) LTD	Level 4	Competitive bids	R 472 894,95	R 472 894,95	-	R 472 894,95
T55/2017	Extension/renewal of contract in relation to the document management system and related services - Collaborator Foundation System Support Services.	Business Engineering (PTY) LTD	Non-compliant contributor	Deviations	R 383 477,46	R 383 477,46	-	R 383 477,46
T61/2017	Fit suspended ceiling at Struisbaai community hall. Q3/2017/18	Actebis 172cc T/A Els Bouers	Non-compliant contributor	Price quotations	R 103 832,63	R 103 832,63	-	R 103 832,63
T112/2018	ICT support services for a period of 36 months. (SCM25/2017/18)	DFA Solutions	Level 1	Competitive bids	R 3 846 686,75	R 3 846 686,75	-	R 3 846 686,75
T89/2017 (1)	In terms of reg. 32 of municipality SCM regarding contract secured by the	Quantra Consulting PTY LTD	Non-compliant	Deviations	R 542 982,00	R 542 982,00	-	R 542 982,00

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CONTRACT IDENTIFIER	COMMODITY DESCRIPTION	SUPPLIER	BEE STATUS	SOURCE METHOD	CONTRACT VALUE	LOWEST ACCEPTABLE (Bid value)	PREMIUM PAID (Value)	EXPANSION VALUE
	Oudtshoorn municipality for duties. Appointment of prof. Services providers civil engineering services.		contributor					
T89/2017 (2)	In terms of reg.32 of municipality SCM regarding contract secured by the Oudtshoorn municipality duties. Appointment of prof. Services providers structural engineering services.	WEC-Consult PTY LTD	Non-compliant contributor	Deviations	R 672 144,00	R 672 144,00	-	R 672 144,00
T12/2018	Laundry & ironing services for a period ending 28.02.2018 SCM11/2017/18	AE Needthling t/a Soapy Moments	Level 4	Competitive bids	R 153 252,00	R 153 252,00	-	R 153 252,00
T110/2018	Paving of sidewalks in L'agulhas. (SCM21/2017/18)	Cape Agulhas Civils CC	Level 2	Competitive bids	R 1 370 828,75	R 1 370 828,75	-	R 1 370 828,75
T106/2018	Processing of recycled materials in Cape Agulhas area for a period of 3 years. (SCM6-2018-19)	R Cupido	Non-compliant contributor	Competitive bids	R 216 000,00	R 216 000,00	-	R 216 000,00
T73/2017	Provision of professional services: supervision and contract management for roads in Bredasdorp (q7-2017-18)	Engineering Advice & Services	Non-compliant contributor	Price quotations	R 93 000,00	R 93 000,00	-	R 93 000,00
T74/2017	Provision of professional services: supervision and contract management for roads in Napier (q8-2017-18)	Engineering Advice & Services	Non-compliant contributor	Price quotations	R 93 000,00	R 93 000,00	-	R 93 000,00
T91/2017	Repairs & maintenance of motor vehicles & machinery- item2: supply of 4 wheel rims with lock rings	Soetmuis Vier BK t/a kwik 'n go	Level 4	Competitive bids	R 34 120,00	R 32 923,20	R 1 196,80	R 34 120,00
T93/2017	Repairs & maintenance of motor vehicles & machinery- item6: line boring & machinery of cradle and backhoe sliding support	Zck Trading	Non-compliant contributor	Competitive bids	R 86 412,00	R 86 412,00	-	R 86 412,00
T92/2017	Repairs & maintenance of motor vehicles and machinery - item 3:	Fantastic Investments 456 t/a hi-q Bredasdorp	Non-compliant	Competitive bids	R 52 797,20	R 52 797,20	-	R 52 797,20

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CONTRACT IDENTIFIER	COMMODITY DESCRIPTION	SUPPLIER	BEE STATUS	SOURCE METHOD	CONTRACT VALUE	LOWEST ACCEPTABLE (Bid value)	PREMIUM PAID (Value)	EXPANSION VALUE
	supply & fitment of 4 mining type tyres 20ply.		contributor					
T90/2017	Repairs and maintenance of motor vehicles & machinery- item1: remanufacture of a Nissan fd46 c cylinder diesel engine (SCM9-2017-18)	Tygerberg Engine Rebuilders	Level 4	Competitive bids	R 75 752,36	R 75 752,36	-	R 75 752,36
T17/2018	Replace existing floor with Marley tiles at Struisbaai community hall. (q20-2017-18)	Entas Construction And Projects	Level 1	Price quotations	R 117 386,25	R 117 386,25	-	R 117 386,25
T62/2017	Replace wooden windows with aluminium windows at Struisbaai ablution facilities. Q4/2017/18	DC Zeeman t/a Aluminium Designs	Level 1	Price quotations	R 61 020,00	R 61 020,00	-	R 61 020,00
T80/2017	Replacement of water main in Viljoen street, Bredasdorp. (SCM7-2017-18)	Ams Civils (PTY) LTD	Level 1	Competitive bids	R 603 077,10	R 602 478,60	R 598,50	R 603 077,10
T63/2017	Reposition of existing wooden boardwalk between the Nostra parking and Struisbaai harbour. (SCM1/2017/18)	Cape Agulhas Civils CC	Level 2	Competitive bids	R 245 812,50	R 245 812,50	-	R 245 812,50
T51/2017 (RT57-02-24-02)	Rt57/2016 supply & delivery of motor vehicles, busses and motor to the state:1 July 2016 to 31 mrt 2018 - lcv 4x4, 2400cm3, payload not less than 750kg.	Nissan (South Africa) PTY LTD	Non-compliant contributor	Competitive bids	R 214 895,92	R 214 895,92	-	R 214 895,92
T53/2017 (RT-03-08-04)	Rt57/2016:supply&delivery of motor vehicle, light and heavy commercial vehicle, busses and motor cycles to the state: period 1 July 2016 to 31 mrt 2018 - 10 ton payload refuse truck with dual rear wheels on tandem axles. Fitted with diesel engine capacity of 11000cm3 and developing not less than 200kw.	Tata Automobile Corporation (SA)	Non-compliant contributor	Competitive bids	R 2 359 287,00	R 2 359 287,00	-	R 2 359 287,00
T51/2017 (RT57-01-14-01)	Rt57/2016:supply&delivery of motor vehicles, light and heavy commercial vehicles, busses and motor cycles to the	Volkswagen of South Africa PTY LTD	Non-compliant contributor	Competitive bids	R 189 114,60	R 189 114,60	-	R 189 114,60

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CONTRACT IDENTIFIER	COMMODITY DESCRIPTION	SUPPLIER	BEE STATUS	SOURCE METHOD	CONTRACT VALUE	LOWEST ACCEPTABLE (Bid value)	PREMIUM PAID (Value)	EXPANSION VALUE
	state: period 1 July 2016 to 31 march 2018 - four/five seater sedan 4 doors 1400cm3- polo vivo sedan 1.4 t/line 63kw.							
<b>T51/2017 (RT57-02-16-01)</b>	Rt57/2016:supply&delivery of motor vehicles, light and heavy commercial vehicles, busses and cycles to the state: period 1 July 2016 to 31 mrt 2018-lcv 1600cm3,payload approximately 500kg ub3 np200 1,6 mid specs.	Nissan (south Africa) PTY LTD	Non-compliant contributor	Competitive bids	R 163 236,50	R 163 236,50	-	R 163 236,50
<b>T68/2017 (2)</b>	Safeguarding of Arniston reception area - wooden structures. (q6-2017-18)	Tip of Africa creations	Level 4	Price quotations	R 22 700,00	R 22 700,00	-	R 22 700,00
<b>T68/2017 (1)</b>	Safeguarding of Arniston reception area- supply & fitment of glass panels. (q6-2017-18)	Dc Zeeman t/a aluminium designs	Level 1	Price quotations	R 75 600,00	R 75 600,00	-	R 75 600,00
<b>T111/2018</b>	Supply & delivery of 2000w metal halide floodlights. (SCM24/2017/18)	Carbon Reduction Technologies	Level 1	Competitive bids	R 349 319,40	R 349 319,40	-	R 349 319,40
<b>T10/2018</b>	Supply & delivery of air conditioners (q19/2017/18o	Gansbaai Aircon & Refrigeration CC	Level 4	Price quotations	R 40 264,10	R 40 264,10	-	R 40 264,10
<b>T3/2018</b>	Supply & delivery of computer equipment - group 1 - desktops (q14/2017/18)	CHM Vuwani Computer Solutions	Level 2	Price quotations	R 41 908,42	R 41 908,42	-	R 41 908,42
<b>T4/2018</b>	Supply & delivery of computer equipment - group 2 network switches (q14/2017/18)	CHM Vuwani Computer Solutions	Level 2	Price quotations	R 106 257,55	R 101 370,64	R 4 886,91	R 106 257,55
<b>T75/2017</b>	Supply & delivery of computer equipment: group 1 - desktops, led screen & laptops. (SCM5-2017-18)	Dlk Group (pty) ltd	Level 1	Competitive bids	R 215 541,24	R 202 075,00	R 13 466,24	R 215 541,24
<b>T76/2017</b>	Supply & delivery of computer equipment: group 3 - server (SCM5-2017-18)	Dlk Group (pty) ltd	Level 1	Competitive bids	R 311 295,24	R 311 295,24	-	R 311 295,24
<b>T6/2018</b>	Supply & delivery of engine scag (q15/2017/18)	Turf cutters (pty) ltd	Level 1	Price quotations	R 42 750,00	R 42 750,00	-	R 42 750,00
<b>T8/2018</b>	Supply & delivery of inspection camera and metal detector (q17/2017/18) (q17/2017/18)	Orsco (pty) ltd	Level 1	Price quotations	R 125 300,00	R 125 300,00	-	R 125 300,00

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CONTRACT IDENTIFIER	COMMODITY DESCRIPTION	SUPPLIER	BEE STATUS	SOURCE METHOD	CONTRACT VALUE	LOWEST ACCEPTABLE (Bid value)	PREMIUM PAID (Value)	EXPANSION VALUE
T11/2018	Supply & delivery of laptops (q22/2017/18)	CHM Vuwani Computer Solutions	Level 2	Price quotations	R 83 519,06	R 83 519,06	-	R 83 519,06
T2/2018	Supply & delivery of lime dosing pump (q12/2017/18)	Agricultural Rural Development Services	Level 1	Price quotations	R 59 305,65	R 59 305,65	-	R 59 305,65
T65/2017	Supply & delivery of office furniture. (q1-2017-18)	Parkerson Thomas Technologies Cc	Non-compliant contributor	Price quotations	R 65 890,86	R 65 890,86	-	R 65 890,86
T9/2018	Supply & delivery of plate compactors (q18/2017/18)	Ian Dickie & Co (Pty) Ltd	Level 8	Price quotations	R 42 841,41	R 42 841,41	-	R 42 841,41
T84/2017	Supply & erect fencing at Arniston library. (q9-2017-18)	DC Zeeman T/A Aluminium Designs	Level 1	Price quotations	R 158 980,00	R 158 980,00	-	R 158 980,00
T7/2018	Supply & erection of fencing at Bredasdorp cemetery. (q15/2017/18)	PSClearing & Cleaning Services	Level 1	Price quotations	R 70 460,00	R 70 460,00	-	R 70 460,00
T60/2017	Supply & install aluminium windows frames/tinting at the community hall, sport complex. Q2/2017/18	DC Zeeman T/A Aluminium Designs	Level 1	Price quotations	R 53 705,00	R 53 705,00	-	R 53 705,00
T15/2018	Supply & install of liquid aluminium dosing system at Bredasdorp wtw (SCM8/2017/18)	Maxal Projects SA (Pty) Ltd	Level 8	Competitive bids	R 328 186,62	R 328 186,62	-	R 328 186,62
T71/2017	Supply & installation of air conditioners (SCM2-2017-18)	JC Refrigeration Cape	Level 4	Competitive bids	R 127 949,00	R 127 949,00	-	R 127 949,00
T23/2018	Supply & installation of chlorine dosing system (q23-2017-18)	Ikusasa Chemicals (Pty) Ltd	Level 2	Price quotations	R 93 738,80	R 93 738,80	-	R 93 738,80
T82/2018	Transfer and registration of state subsidised houses & restoration of title deeds. (SCM22/2017/18)	Kruger & Blignaut	Non-compliant contributor	Competitive bids	R 540 000,00	R 540 000,00	-	R 540 000,00
T107/2018	Transport service for containerised waste public drop-off's and open spaces to Bredasdorp landfill site for a period of 3 years. (SCM7-2018-19)	DP Truck Hire	Level 1	Competitive bids	R 2 096 651,25	R 2 096 651,25	-	R 2 096 651,25
T94/2017	Upgrading of gravel roads to surfaced standard in Bredasdorp & Napier. (SCM10/2017/18)	Cape Agulhas Civils cc	Level 2	Competitive bids	R 3 259 961,10	R 3 259 961,10	-	R 3 649 908,60
T82/2017	Upgrading of industrial roads in	Cape Agulhas Civils cc	Level 2	Competitive bids	R 998 697,00	R 998 697,00	-	R 998 697,00

CONTRACT IDENTIFIER	COMMODITY DESCRIPTION	SUPPLIER	BEE STATUS	SOURCE METHOD	CONTRACT VALUE	LOWEST ACCEPTABLE (Bid value)	PREMIUM PAID (Value)	EXPANSION VALUE
	Struisbaai. (SCM6-2017-18)							
T25/2018	Upgrading of tidal pools in L'Agulhas. (SCM20-2017-18)	Lucor Construction PTY LTD	Level 4	Competitive bids	R 1 041 581,76	R 1 041 584,76	-	R 1 041 581,76
T19/2018	Upgrading of valves and pipes at L'Agulhas reservoirs (SCM13/2017/18)	Cape Agulhas Civils cc	Level 2	Competitive bids	R 309 292,50	R 309 292,50	-	R 340 204,50
<b>TOTAL</b>					<b>R 23 995 561,93</b>	<b>R 23 975 416,48</b>	<b>R 20 148,45</b>	<b>R 24 416 421,43</b>

#### d) Spending in term of BBBEE

The following table indicates the Municipality is spending in terms of BBBEE for the financial year.

TABLE 72 SUMMARY OF BBBEE SPENDING FOR THE FINANCIAL YEAR

BEE LEVEL	TOTAL CONTRACTS	TOTAL CURRENT CONTRACT VALUE	TOTAL LOWEST ACCEPTABLE BID VALUE	TOTAL PREMIUM PAID VALUE
Level 1	18	R 9 272 933,88	R 9 258 869,14	R 14 064,74
Level 2	9	R 6 930 875,18	R 6 505 128,77	R 4 886,91
Level 4	9	R 2 065 514,17	R 2 064 320,37	R 1 196,80
Level 8	2	R 371 028,03	R 371 028,03	-
Non-compliant contributor	15	R 5 776 070,17	R 5 776 070,17	-
<b>Total</b>	<b>53</b>	<b>R 24 416 421,43</b>	<b>R 23 975 416,48</b>	<b>R 20 148,45</b>

#### c) Awards Made by the Accounting Officer

No bids were awarded by the Accounting Officer in terms of Section 144 MFMA 56 of 2003 during the 2017/18 financial year.

### 2.4.10.3 DEVIATIONS FROM NORMAL PROCUREMENT PROCESSES

The following table provides a summary of deviations approved for the 2017/18 financial year:

TABLE 73 SUMMARY OF DEVIATIONS FOR 2017/18

NUMBER OF DEVIATIONS	VALUE OF DEVIATIONS
<b>Deviations for amounts below R30 000:</b>	
63	R765 178.22
<b>Deviations for amounts above R30 000:</b>	
19	R1 545 355.81
<b>Deviations for amounts above R200 000:</b>	
1	R548 433.12

TABLE 74 BREAKDOWN OF DEVIATIONS 2017/18



<b>DEVIATIONS FROM MINOR BREACHES OF THE SUPPLY CHAIN MANAGEMENT POLICY (SCM REGULATIONS 36 (1) (A), (I) (II), (III), (IV)&amp;(V))</b>	
<b>Deviations below R30 000 1 July 2017 - 30 June 2018</b>	
36 (1) (a) (i): Emergency	R36 856,34
36 (1) (a) (ii): Sole Provider	R375 396,78
36 (1) (a) (iii): Special Works of art	-
36 (1) (a) (iv): Animals for zoos	-
36 (1) (a) (v): Impractical or Impossible	R352 925,10
<b>BELOW R30 000</b>	<b>R765 178,22</b>
<b>Deviations above R30 000 1 July 2017 - 30 June 2018</b>	
36 (1) (a) (i): Emergency	R331 129,30
36 (1) (a) (ii): Sole Provider	R513 151,51
36 (1) (a) (iii): Special Works of art	-
36 (1) (a) (iv): Animals for zoos	-
36 (1) (a) (v): Impractical or Impossible	R701 075,00
<b>ABOVE R30 000</b>	<b>R1 545 355,81</b>
<b>Deviations above R200 000 1 July 2017 - 30 June 2018</b>	
36 (1) (a) (i): Emergency	-
36 (1) (a) (ii): Sole Provider	R548 433,12
36 (1) (a) (iii): Special Works of art	-
36 (1) (a) (iv): Animals for zoos	-
36 (1) (a) (v): Impractical or Impossible	-
<b>ABOVE R200 000</b>	<b>R548 433,12</b>
<b>TOTAL AMOUNT OF DEVIATIONS APPROVED</b>	<b>R2 858 967,15</b>
<b>TOTAL SUMMARISED DEVIATIONS: 1 July 2017 - 30 June 2018</b>	
36 (1) (a) (i): Emergency	R367 985,64
36 (1) (a) (ii): Sole Provider	R1 436 981,41
36 (1) (a) (iii): Special Works of art	R0,00
36 (1) (a) (iv): Animals for zoos	R0,00
36 (1) (a) (v): Impractical or Impossible	R1 054 000,10
<b>TOTAL AMOUNT OF DEVIATIONS APPROVED</b>	<b>R2 858 967,15</b>

#### 2.4.10.4 LOGISTICS MANAGEMENT

Inventory levels are set at the start of each financial year. These levels are set for normal operations. In the event that special projects are being launched by departments, such information is communicated timely to the stores section in order for them to gear them to order stock in excess of the normal levels.

Internal controls are in place to ensure that goods and services that are received are certified by the responsible person, which is in line with the general conditions of contract.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

The following item was identified as redundant and were written off.

TABLE 75 REDUNDANT AND WRITTEN OFF STOCK

STOCK ITEM NUMBER	STOCK ITEM DESCRIPTION	BALANCE - VALUE	BALANCE - QUANTITY	BALANCE - UNIT PRICE
14439	Cashier Receipts (4000 Per Box)	R21 000,00	30	R700,00

The annual stock count took place on Wednesday 27 June 2018. No surpluses or deficits was found during the stock count.

TABLE 76 STOCK VALUE AT MUNICIPAL STORES

STORE	OPENING VALUE	PURCHASES VALUE	ISSUES VALUE	BALANCE VALUE
Store A – Bredasdorp Stores	R 1 249 629,31	R 76 888,03	-R 257 222,89	R 1 069 294,45
Store B – Electrical Stores	R 102 375,00	R 4 095,00	R 0,00	R 106 470,00
Store C – Struisbaai Stores	R 115 188,68	R 18 233,31	-R 21 365,26	R 112 056,73
<b>Total value of stock</b>	<b>R 1 467 192,99</b>	<b>R 99 216,34</b>	<b>-R 278 588,15</b>	<b>R 1 287 821,18</b>

#### 2.4.10.5 PROCUREMENT PLAN

One of the functions of SCM is to ensure that goods, works or services are delivered to the right place, in the right quantity, with the right quality, at the right cost and the right time in a normal procurement environment.

In order to fulfil the above function the SCM unit, together with the end-user, must apply strategic sourcing principles to determine the optimum manner in which to acquire goods, works or services. A procurement plan is compiled at the beginning of each financial year to guide the procurement of all capital expenditure. This ensures that user departments spend their budgets effectively, efficiently and economically. The procurement plan is updated following the approval of the adjustment budget.

The following is a summary of the procurement statistics for the 2017/18 financial year.

TABLE 77 PROCUREMENT STATISTICS

ALL REQUESTS	JULY - SEPTEMBER 2017 1ST QUARTER		OCTOBER - DECEMBER 2017 2ND QUARTER		JANUARY - MARCH 2018 3RD QUARTER		APRIL - JUNE 2018 4TH QUARTER		YEAR TO DATE SUMMARY: JUL - JUN 2018	
DESCRIPTION	TOTAL NO	VALUE	TOTAL NO	VALUE	TOTAL NO	VALUE	TOTAL NO	VALUE	TOTAL NO	VALUE
Requests processed	801	R7 768 441,08	1069	R19 008 533,32	1 014	R 11 810 226,26	783	R 11 593 535,96	3 667	R 50 180 736,62
Orders processed	816	R 7 773 550,41	1115	R 18 987 801,17	1 042	R 11 763 080,69	1 416	R 16 374 364,54	4 227	R 53 790 616,93
Request/ orders cancelled	15	R555 958,31	46	R559 373,77	28	R 567 969,87	633	R 4 780 828,58	715	R 6 188 706,04
Outstanding orders	409	R 4 774 924,94	552	R 10 153 914,00	692	R 9 429 714,13	1 038	R 13 358 459,43	-	R 0,00
Paid orders	407	R 2 998 625,47	911	R 13 712 976,46	874	R 12 445 864,60	653	R 9 577 912,59	3 197	R 59 937 949,65

**2.4.10.6 AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE**

In terms of Supply Chain Management Regulation 45, awards to close family members of persons in the service of the state must disclose particulars of awards of more than R2000 in the Annual Financial Statements. The following bids were awarded to a persons who have family members in services of the state:

**TABLE 78 DIRECT AWARDS TO CLOSE FAMILY MEMBERS IN SERVICE OF THE STATE (CAPE AGULHAS MUNICIPALITY)**

SCM PROCESS FOLLOWED	DESCRIPTION	AWARDED TO	RELATIONSHIP	AMOUNT PAID AS AT 30 JUNE 2018
Direct Transactions	Pauper burials	Adonai Funeral Home	Brother Of CAM Official Mr. D Fredericks	R 25 025,00
Quotations	Catering & refreshments	EE Spandiel	Parent Of CAM Official Mr. H Spandiel	R 15 983,00
Quotations	Various transport	M Waxa T/A Tamtura Waxa Taxi Services	Brother Of CAM Officials Mr. X Waxa And Mr. T Waxa	R 3 200,00
<b>TOTAL</b>				<b>R 44 208,00</b>

**TABLE 79 INDIRECT AWARDS TO CLOSE FAMILY MEMBERS IN SERVICE OF THE STATE**

SCM PROCESS FOLLOWED	BESKRYWING/ DESCRIPTION	AWARDED TO	RELATIONSHIP	AMOUNT PAID AS AT 30 JUNE 2018
Tenders	Plant hire for construction purposes, construction of Ou Meule pumpstation, upgrading of gravel roads to surfaced standard in Bredasdorp & Waenhuiskrans,	Cape Agulhas Civils	Ms. TI Du Toit Spouse Of DH Du Toit, Director In Cape Agulhas Civils Is In Service Of The Department Of Health	R 5 089 407.04
Tenders & Quotations	Computer accessories & stationery	Canfred Computers T/A Premium Computers & Stationers Swellendam	Mr. N Eksteen, parent of both Shareholders/Directors of Premium Computers & Stationers Swellendam is in service of Denel Otr	R 55 012,00
Tenders	Annual stores stock & services: item 10 -14 plumbing ware	Ikapa Reticulation & Flow	Spouse Of Director Is Employed By Western Cape Education Department (Athlone School For The Blind)	R 228 901.28
Tenders	Professional services: external audit of landfills and annual report	NCC Environmental Services	Chadre Rhode (Spouse) Of Director Is In service of the state	R 0,00
Tenders	Supply & installation of aluminium windows, tinting at the community hall ( sport complex)	DC Zeeman T/A Aluminium Designs	V Zeeman (Spouse) Of Owner Is In service of the state ( Overberg District Municipality	R 350 615.00

Quotations	Bedding for resorts	Bren Jac-Lin Cc T/A Undercover	AJ Van Der Walt (Spouse) Of Owner is in service of Denel OTR	R320.00
<b>TOTAL</b>				<b>R 5 724 255.32</b>

#### 2.4.10.7 MONITORING OF CONTRACTS & PERFORMANCE

The monitoring and performance of contracts was identified as an area requiring attention, and a Performance Management system for Contracts was implemented in June 2018. The performance of all vendors is now reviewed on the collaborator system.

#### 2.4.10.8 HUMAN RESOURCES

The staff component of the Supply Chain Management unit is as follows:

- Manager Supply Chain Management
- Accountant Supply Chain Management
- Supply Chain Management Practitioner
- SCM Administrator
- SCM Buyer
- Storekeeper
- Stores Clerk

SCM staff undertook the following training in 2017/18

TABLE 8o SCM TRAINING 2017/18

TRAINING	DATE
SCM Infrastructure Procurement Delivery Management training	4 - 8 June 2018
Msoa training	12 June 2018
SCM Training	4 - 5 April 2018
Municipal Minimum Competency Level Training	June 2018 – June 2019
SCM Standard for Infrastructure Procurement Delivery Management	31 Oct – 1 Nov 2017
SCM Contract Management	19-21 Feb 2018

#### 2.4.10.9 SYSTEMS

##### a) Supplier Database

The total number of registered suppliers until 30 June 2018 was 1096. A total of 94 new suppliers registered during 2017/18

##### b) Web Based Central Supplier Database (CSD)

With effect from 1 July 2016, Municipalities and Municipal Entities must use the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations.

**c) E Tender Publication**

With effect from 1 July 2016, municipalities and municipal entities must advertise and publish all awards above R200 000, deviations and limited bids on the E-portal publication. The Cape Agulhas Municipality advertised all formal written quotations above R30 000 as well.

**d) Financial System**

All orders and store requisitions are captured on the Phoenix (Vesta) financial system. From 2 May 2018 the electronic requisitioning system was implemented on Collaborator, which integrates with the Phoenix financial system.

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**2.4.10.10 PARTICIPATION IN INTERGOVERNMENTAL FORUMS**

The Manager SCM's participation in Provincial and District SCM Forums ensures valuable inputs which enable Cape Agulhas Municipality to implement equitable, transparent, competitive and cost effective supply chain management procedures. The following meetings took place during the 2017/18 financial year:

- |                         |   |
|-------------------------|---|
| ▪ 13 September 2018     | SCM Forum                               |
| ▪ 6 October 2018        | SCM Forum                               |
| ▪ 20 – 21 November 2017 | SCM Indaba                              |
| ▪ 2 March 2018          | SCM Forum                               |
| ▪ 23 May 2018           | Steering Committee :SCM-LED Indaba 2018 |

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.1 INTRODUCTION

This chapter constitutes the Annual Performance Report of the Cape Agulhas Municipality for 2017/18, which has been compiled in accordance with Section 46 of the Local Government Municipal Systems Act, Act 32 of 2000.

This report provides an overview of the actual performance of the Cape Agulhas Municipality for the period 1 July 2017 to 30 June 2018 as measured against the strategic objectives that are set out in the Integrated Development Plan (IDP) and the Key Performance Indicators (KPI's) contained in the approved Service Delivery Budget Implementation Plan (SDBIP). It also includes a comparison of the Municipality's actual 2017/18 performance as measured against the actual 2016/17 performance.

This Chapter aligns to the National Key Performance Areas (KPA's) of **basic service delivery** and **local economic development** as contained in the Local Government: Municipal Planning and Performance Management Regulations of 2001 read together with Section 43 of the MSA.

### 3.2 LEGISLATIVE FRAMEWORK

Performance management is regulated by Chapter 6 of the Municipal Systems Act (MSA), Act 32 of 2000 read together with the Municipal Planning and Performance Management Regulations, 796 of August 2001 as well as the Municipal Finance Management Act (MFMA), Act 56 of 2003.

Section 46 of the Municipal Systems Act, Act 32 of 2000, provides that:

- "46. (1) A Municipality must prepare for each financial year; a performance report reflecting:*
- a) the performance of the municipality and of each external service provider during that financial year:*
  - b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year: and*
  - c) measures taken to improve performance.*
- (2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."*

Section 38 of the Municipal Systems Act requires municipalities to establish a performance management system. Section 7(1) of the Municipal Planning and Performance Management Regulations states that *"A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players."* This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

Performance Management uses the approved Service Delivery Budget Implementation Plan (SDBIP) as its basis. Section 1 of the MFMA defines the service delivery and budget implementation plan as:

*"a detailed plan approved by the mayor of a municipality in terms of Section 53(1)(c)(ii) for implementing the municipality's delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:*

- *Projections for each month of revenue to be collected by source and operational and capital expenditure by vote*
- *Service delivery targets and performance indicators for each quarter”.*
- *Budget processes and related matters”*

### 3.3 OVERVIEW OF PERFORMANCE MANAGEMENT WITHIN THE MUNICIPALITY

Performance is measured on an organisational (strategic) level as well as an individual level in accordance with a framework that was approved by Council on 29 May 2007 (Council Resolution 101/2007). The IDP, budget and performance management processes are integrated, and the 2017/18-2021/22 Integrated Development Plan was approved by Council on 30 May 2017 (Council Resolution 99/2017).

#### 3.3.1 ORGANISATIONAL PERFORMANCE MANAGEMENT

##### a) Top Layer SDBIP (The municipal scorecard)

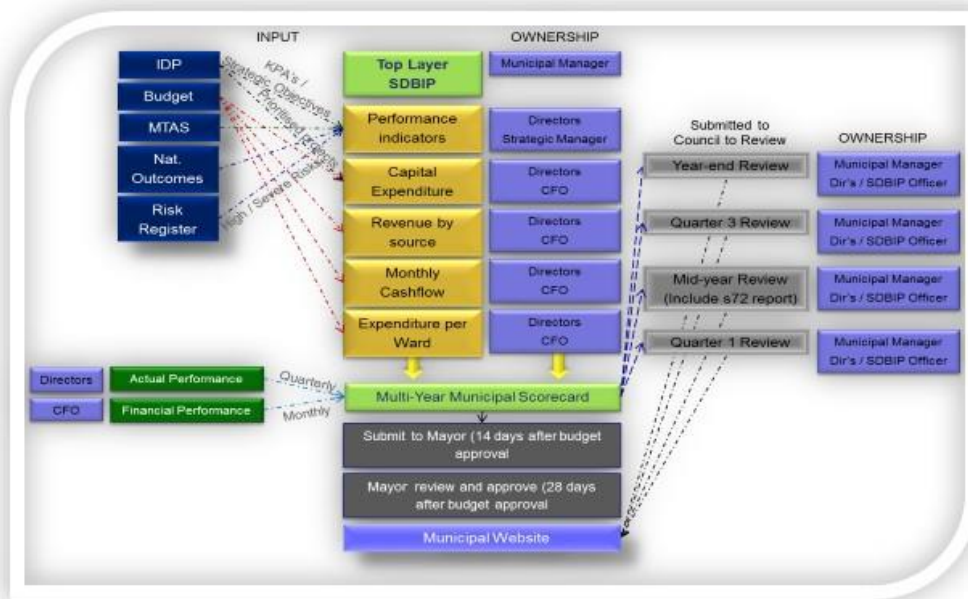
The SDBIP is a layered plan comprising a Top Layer SDBIP and Departmental SDBIPs. The Top Layer SDBIP comprises quarterly, high-level service delivery targets. It is a public document, which was approved by the Executive Mayor on 26 June 2017. Reporting on the Top Layer SDBIP is done to the Mayoral Committee and Council on a quarterly, half yearly (Mid-year Budget and Performance Assessment Report) and annual basis (Annual Report). Any amendments to the Top Layer SDBIP must be approved by Council following the submission of the Mid-year Budget and Performance Assessment Report and the approval of the adjustment budget. The Municipal Council approved amendments to the Top Layer SDBIP on 30 January 2018 and these changes have been incorporated into the Top Layer SDBIP.

The 5 components of the SDBIP are:

- Monthly projections of revenue to be collected for each source
- Monthly projections of expenditure (operating and capital) and revenue for each vote
- Quarterly projections of service delivery targets and performance indicators for each vote
- Ward information for expenditure and service delivery
- Detailed capital project plan broken down by ward over three years

The following diagram illustrates the establishment, components and review of the Municipal scorecard (Top Layer SDBIP):

FIGURE 4 COMPONENTS OF THE MUNICIPAL SCORECARD



### 3.3.2 THE PERFORMANCE MANAGEMENT SYSTEM

The Municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set.
- The calculation of the actual performance reported (If %).
- A performance comment on actual achievement with full explanations if targets were not achieved.
- Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

### 3.3.3 INDIVIDUAL PERFORMANCE MANAGEMENT

#### a) Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act requires the Municipality to conclude performance based agreements with all Section 57-employees. It also requires that their performance be reviewed annually. This process and the format thereof is regulated by Regulation 805 (August 2006) as amended by Regulation 21 (January 2014). All performance agreements for the 2017/18 financial year were signed by 30 July 2017. The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The mid-year performance evaluations (1 July 2017 to 31 December 2017) took place on 26 February 2018 and the final evaluation of the 2017/18 financial year (1 January 2017 to 30 June 2018) took place on 11 October 2018.

The appraisals were done by an evaluation panel as prescribed by Regulation 805 and the signed performance agreements and consisted of the following people:

- Executive Mayor;
- Portfolio Chairperson;
- Municipal Manager (in case of the performance reviews of a Director);



- Chairperson of the Audit Committee;
- Member of the Community.

**b) Other municipal personnel**

The Municipality has implemented individual performance management to lower level staff in annual phases. All staff on post level 0 - 17 have performance agreements or performance development plans for the 2017/18 financial year. The mid-year performance of 2017/18 (1 July 2017 to 31 December 2017) took place in March 2018 and the final evaluation of the financial year (1 January 2018 to 30 June 2018) took place in September 2018. The evaluation of performance is done between a manager and the employee in the presence of the applicable supervisor after which senior management do a moderation of all the results to ensure reliable and realistic outcomes.

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**3.3.4 SERVICE PROVIDER STRATEGIC PERFORMANCE**

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement.

- A service provider means “a person or institution or any combination of persons and institutions which provide a municipal service”
- An external service provider means “an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality”
- A service delivery agreement means “an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality”

The Cape Agulhas Municipality did not utilise the services of any such service provider during the financial year.

### 3.4 STRATEGIC PERFORMANCE 2017/18

#### 3.4.1 OVERVIEW

The Cape Agulhas Municipality has six key performance areas, which derive from the national key performance areas of local government. The 6 strategic goals and 12 strategic objectives of the Municipality align to these key performance areas.

TABLE 81 ALIGNMENT OF KEY PERFORMANCE AREAS TO STRATEGIC GOALS AND OBJECTIVES

NATIONAL KPA	MUNICIPAL KPA	STRATEGIC GOAL	STRATEGIC OBJECTIVE
KPA1: Good Governance and Public Participation	MKPA1: Good Governance and Public Participation	SG1: To ensure good governance	SO1: To create a culture of good governance
			SO2: To create a culture of public participation and empower communities to participate in the affairs of the Municipality
KPA2: Municipal Institutional Development and Transformation	MKPA2: Municipal Institutional Development and Transformation	SG2: To ensure institutional sustainability	SO3: To create an administration capable of delivering on service excellence.
KPA3: Local Economic Development	MKPA3: Local Economic Development and Tourism	SG3: To promote local economic development in the Cape Agulhas Municipal Area	SO4: To create an enabling environment for economic growth and development
			SO5: To promote tourism in the Municipal Area
KPA4: Municipal Financial Viability and Management	MKPA4: Municipal Financial Viability and Management	SG4: To improve the financial viability of the Municipality and ensure its long term financial sustainability	SO6: To provide effective financial, asset and procurement management
KPA5: Basic Service Delivery	MKPA5: Basic Service Delivery	SG5: To ensure access to equitable affordable and sustainable municipal services for all citizens	SO7: Provision of equitable quality basic services to all households
			SO8: To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.
			SO9: To provide community facilities and services
			SO10: Development of sustainable vibrant human settlements
KPA5: Basic Service Delivery	MKPA6: Social and youth development	SG6: To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality	SO11: To promote social and youth development
			SO12: To create and maintain a safe and healthy environment

The following graph provides an overview of the Municipality's overall performance for the 2017/18 financial year. The Municipality set 50 Key Performance Indicators (KPI's) for the financial year when the SDBIP was approved on 26 June 2017. One KPI was deleted with the SDBIP amendments that were approved on 30 January 2018. The Municipality met 33 (67%) of its targets, almost met another 7 (14%) and failed to meet 9 by the due date (18%).

FIGURE 5 PERFORMANCE PER STRATEGIC OBJECTIVE

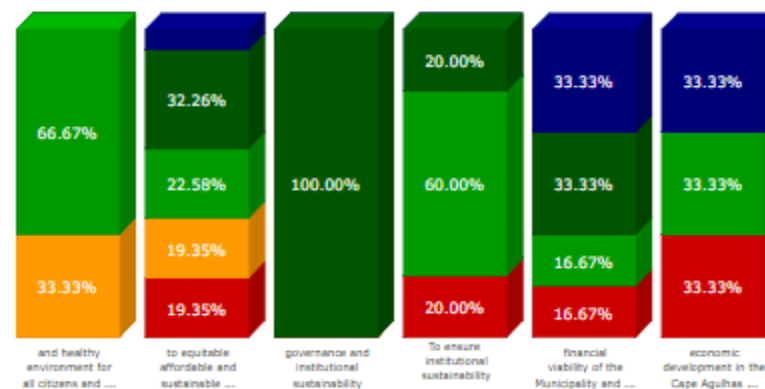
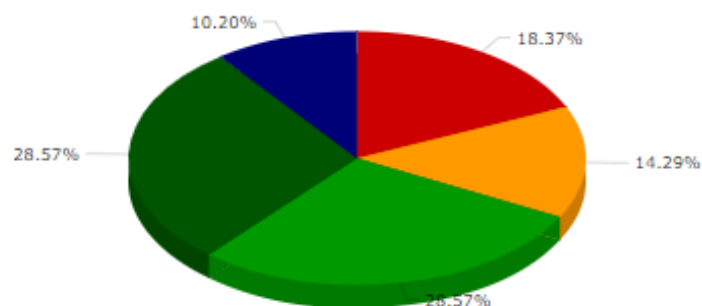


TABLE 82 PERFORMANCE PER STRATEGIC OBJECTIVE

	PRE-DETERMINED OBJECTIVES					
	<i>To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality</i>	<i>To ensure access to equitable affordable and sustainable municipal services for all citizens</i>	<i>To ensure good governance and institutional sustainability</i>	<i>To ensure institutional sustainability</i>	<i>To improve the financial viability of the Municipality and ensure its long term financial sustainability</i>	<i>To promote local economic development in the Cape Agulhas Municipal Area</i>
Not Met	-	6 (19.35%)	-	1 (20.00%)	1 (16.67%)	1 (33.33%)
Almost Met	1 (33.33%)	6 (19.35%)	-	-	-	-
Met	2 (66.67%)	7 (22.58%)	-	3 (60.00%)	1 (16.67%)	1 (33.33%)
Well Met	-	10 (32.26%)	1 (100.00%)	1 (20.00%)	2 (33.33%)	-
Extremely Well Met	-	2 (6.45%)	-	-	2 (33.33%)	1 (33.33%)
<b>Total:</b>	<b>3 (6.12%)</b>	<b>31 (63.27%)</b>	<b>1 (2.04%)</b>	<b>5 (10.20%)</b>	<b>6 (12.24%)</b>	<b>3 (6.12%)</b>

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### 3.4.2 DETAILED PERFORMANCE FOR 2017/18 PER STRATEGIC OBJECTIVE

The following table explains the method by which the overall assessment of actual performance against target set for each KPI's of the SDBIP is measured.

**TABLE 83 SDBIP MEASUREMENT CATEGORIES**

RATING	CATEGORY	EXPLANATION
	KPI Not Met	$0\% \geq \text{Actual} / \text{Target} \leq 75$
	KPI Almost Met	$75\% \geq \text{Actual} / \text{Target} \leq 100$
	KPI Met	Actual target =100%
	KPI Well Met	$100\% \geq \text{Actual} / \text{Target} \leq 150$
	KPI Extremely Well Met	Actual / Target $\leq 150$

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#### 3.4.2.1 STRATEGIC GOAL 1: TO ENSURE GOOD GOVERNANCE

Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL49	Good Governance and Public Participation	To create a culture of good governance	Implement the RBAP for 2017/18 by 30 June 2018 {(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP )x100}	% of audits and tasks completed in terms of the RBAP	All	81.80%	85%	10%	30%	50%	85%	88.80%	G2	RBAP 88.1% completed	None required

Summary of Results: To ensure good governance		
	KPI Not Yet Measured	0
	KPI Not Met	0
	KPI Almost Met	0
	KPI Met	1
	KPI Well Met	0
	KPI Extremely Well Met	0
<b>Total KPIs</b>		<b>1</b>

## 3.4.2.2 STRATEGIC GOAL 2: TO ENSURE INSTITUTIONAL SUSTAINABILITY


Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL41	Municipal Institutional Development and Transformation	To create an administration capable of delivering on service excellence.	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people from employment equity target groups employed in vacancies that arise in the three highest levels of management	All	0	1	0	0	0	1	0	R	The Director Infrastructure Services was appointed on 20 June 2018. Appointment is from the previous designated groups according to Employment Equity Act No 55, of 1998, but not an employment equity target.	A concerted effort was made to recruit a candidate from the designated group.
TL42	Municipal Institutional Development and Transformation	To create an administration capable of delivering on service excellence.	The percentage of the municipality's personnel budget actually spent on implementing its Workplace Skills Plan by 30 June 2018 in terms of the WSDL Act. $\{(Actual\ amount\ spent\ on\ training / total\ personnel\ budget) \times 100\}$	% of the personnel budget spent on training	All	0.43%	1%	0%	0%	0%	1%	1.37%	G2	1.37% of the salary budget was spent on training. (Total salary budget R115,542,164. Total spent on training R1,587,051)	None required
TL43	Municipal Institutional	To create an administration	Compile a new Five Year	Employment Equity Plan	All	New KPI	1	1	0	0	0	1	G	The new Employment	None required

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
	Development and Transformation	capable of delivering on service excellence.	Employment Equity Plan and submit to Council for approval by 30 September 2017	compiled and submitted to Council for approval										Equity Plan was approved by Council on 26 September 2017. (Resolution 205/2017).	
TL45	Municipal Institutional Development and Transformation	To create an administration capable of delivering on service excellence.	Compile a Process Plan for the completion of the land audit of the municipality and submit to Council for approval by 30 September 2017	Process plan compiled and submitted to Council for approval	All	New KPI	1	1	0	0	0	1	G	The Process Plan for the Land Audit was approved by the Mayoral Committee on 19 September 2017. (Resolution BK157/2017)	None required
TL48	Municipal Institutional Development and Transformation	To create an administration capable of delivering on service excellence.	Review the micro structure in line with the revised socio economic macro structure by 30 December 2017	Number of approved micro structures	All	New KPI	1	0	1	0	0	1	G	The micro structure was reviewed and approved by Council on 7 December 2017. (Resolution 241/2017)	None required

**Summary of Results: To ensure institutional sustainability**

	KPI Not Yet Measured	0
	KPI Not Met	1
	KPI Almost Met	0
	KPI Met	3
	KPI Well Met	1

 KPI Extremely Well Met	0
<b>Total KPIs</b>	<b>5</b>



3.4.2.3 STRATEGIC GOAL 3: TO PROMOTE LOCAL ECONOMIC DEVELOPMENT IN THE CAPE AGULHAS MUNICIPAL AREA

Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL40	Local Economic Development	To create an enabling environment for economic growth and development	Create FTE's through government expenditure with the EPWP by 30 June 2018	Number of FTE's created	All	52	30	0	0	0	30	118	B	118 FTE's were achieved.	None required
TL44	Municipal Institutional development and transformation	To create an enabling environment for economic growth and development	Appoint a service provider to conduct a basic assessment for the New Bredasdorp Industrial Development by 30 March 2018	Service provider appointed	All	New KPI	1	0	0	1	0	0	R	Specifications finalised and tender advertised. Tender closed in early April 2018. Tenders evaluated and submitted to BAC, who referred it back.	Service provider will be appointed early in July 2018
TL50	Local Economic Development	To promote tourism in the Municipal Area	Revise the LED Strategy and submit to Council for consideration by 30 June 2018	Number of LED Strategy's revised	All	1	1	0	0	0	1	1	G	LED Strategy Submitted to Council on 22 June 2018 (Resolution 80/2018)	None required

<b>Summary of Results: To promote local economic development in the Cape Agulhas Municipal Area</b>															
	KPI Not Yet Measured														0
	KPI Not Met														1
	KPI Almost Met														0
	KPI Met														1
	KPI Well Met														0
	KPI Extremely Well Met														1
<b>Total KPIs</b>															<b>3</b>

**3.4.2.4 STRATEGIC GOAL 4: TO IMPROVE THE FINANCIAL VIABILITY OF THE MUNICIPALITY AND ENSURE ITS LONG TERM FINANCIAL SUSTAINABILITY**

Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL8	Municipal Financial Viability and Management	To provide effective financial, asset and procurement management	Develop an implementation plan for the Revenue Enhancement Strategy and submit to Council for approval by 30 December 2017	Revenue Enhancement Strategy implementation plan developed and submitted to Council for approval	All	New KPI	1	0	1	0	0	1	G	The Revenue Enhancement Action Plan was approved by the Municipal Council on 7 December 2017 (Resolution 254/2017)	None required
TL9	Municipal Financial Viability and Management	To provide effective financial, asset and procurement management	The percentage of the municipality's capital budget actually spent on capital projects by 30 June 2018 {(Actual amount spent on projects /Total amount budgeted for capital projects)X100}	% of the municipal capital budget spent	All	85.98%	95%	7%	65%	80%	95%	95.48%	G2	95.48% of the total capital budget spent. (R32 006 030 of R 33 519 443 spent)	None required
TL10	Municipal Financial Viability and Management	To provide effective financial, asset and	Financial viability measured in terms of the municipality's	% Debt to Revenue	All	1.14%	25%	0%	0%	0%	25%	7.32%	B	Debt to revenue 7.32%	None required

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
		procurement management	ability to meet it's service debt obligations as at 30 June 2018 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)												
TL11	Municipal Financial Viability and Management	To provide effective financial, asset and procurement management	Financial viability measured in terms of the outstanding service debtors as at 30 June 2018 (Total outstanding service debtors/ revenue received for services)	% Service debtors to revenue	All	8.18%	10%	0%	0%	0%	10%	10.47%	R	Service debtors to revenue 10.47%	Ongoing improvement of credit control measures
TL12	Municipal Financial	To provide effective	Financial viability	Cost coverage	All	1.18%	1	0	0	0	1	2.26	B	Cost coverage 2.26	None required

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
	Viability and Management	financial, asset and procurement management	measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))												
TL13	Municipal Financial Viability and Management	To provide effective financial, asset and procurement management	Achieve a debtors payment percentage of at least 96% by 30 June 2018{(Gross	% debtors payment ratio achieved	All	99.07%	96%	96%	96%	96%	96%	96.50%	G2	Debt collection rate is 96.50%	None required

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
			Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100}												

<b>Summary of Results: To improve the financial viability of the Municipality and ensure its long term financial sustainability</b>															
	KPI Not Yet Measured														0
	KPI Not Met														1
	KPI Almost Met														0
	KPI Met														1
	KPI Well Met														2
	KPI Extremely Well Met														2
<b>Total KPIs</b>															<b>6</b>

## 3.4.2.5 STRATEGIC GOAL 5: TO ENSURE ACCESS TO EQUITABLE AFFORDABLE AND SUSTAINABLE MUNICIPAL SERVICES FOR ALL CITIZENS

Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL1	Basic Service Delivery	Provision of equitable quality basic services to all households	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2018	Number of residential properties which are billed for water or have pre-paid meters	All	8677	8,677	8,601	8,601	8,677	8,677	8772	G 2	8772 Formal residential properties received piped water that is connected to the municipal water infrastructure network and were billed accordingly.	None required
TL2	Basic Service Delivery	Provision of equitable quality basic services to all households	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2018	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)	All	9033	9,033	8,536	8,536	9,033	9,033	8,991	O	8991 Formal residential properties are connected to the electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and were billed accordingly.	None required. All properties have access to the electrical network
TL3	Basic Service Delivery	Provision of equitable quality basic services to all households	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for	Number of residential properties which are billed for sewerage	All	5991	8,995	8,800	8,800	8,995	8,995	8,929	O	8929 Formal residential properties are connected to the municipal waste water sanitation/sewerage network (inclusive	None required. All properties have access to sanitation services

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Ward s	Previous Year Performan ce	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
			sewerage service (inclusive of septic tanks), irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2018											of septic tanks) and were billed accordingly.	
TL4	Basic Service Delivery	Provision of equitable quality basic services to all households	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2018	Number of residential properties which are billed for refuse removal	All	9614	9,614	9,551	9,551	9,614	9,614	8,914	O	Refuse was removed from 8914 formal residential properties once a week and was billed accordingly.	None required. All households were serviced.
TL5	Basic Service Delivery	Provision of equitable quality basic services to all households	Provide 6kl free basic water per month to all households during the 2017/18 financial year	Number of HH receiving free basic water	All	8677	8,677	8,601	8,601	8,677	8,677	8,772	G 2	8772 Households received 6kl free basic water.	None required
TL6	Basic Service Delivery	Provision of equitable quality basic services to all households	Provide 50 kwh free basic electricity per month to poor households in terms of the equitable share requirements during the 2017/18 financial year	Number of poor households receiving free basic electricity	All	2588	3,080	3,419	3,419	3,080	3,080	3,145	G 2	Free basic electricity provided to 3145 poor households.	None required
TL7	Basic Service Delivery	Provision of equitable quality basic services to all households	Provide free basic sanitation and refuse to poor households in terms of the equitable share requirements	Number of poor households receiving free basic sanitation and refuse in terms of	All	2588	3,080	3,419	3,419	3,080	3,080	3,145	G 2	Free basic sanitation and refuse provided to 3145 poor households.	None required

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
			during the 2017/18 financial year	Councils indigent policy											
TL14	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Provide electricity to 138 RDP houses by 30 June 2018	Number of houses electrified	2	New KPI	138	0	0	0	138	0	R	Electricity was provided to 140 sites in phase 1. The houses have not yet been constructed yet.	None required, electricity is available and houses will be connected as soon as they are built.
TL15	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	95% of the roads and storm water capital budget spent by 30 June 2018 {(Actual expenditure divided by the total approved roads and stormwater capital budget) x 100}	% of roads and storm water capital budget spent	All	82.90%	95%	0%	59%	67%	95%	97.75 %	G 2	97.75% of the Roads and Stormwater capital budget spent (R15 590 013.68 of R15 948 860 spent)	None required
TL16	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Upgrade 3.5 kilometres of road in Bredasdorp (RDP) by 30 June 2018	Kilometres of road upgraded	3	New KPI	3.5	0	0	0	3.5	4.45	G 2	4.45 Km Roads upgraded in Area F	None required



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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL17	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Upgrade 800 square meter paving in Bredasdorp by 31 December 2017	Square meter paving upgraded	3	New KPI	800	0	320	480	800	0	R	802.8 Square metres of paving was completed in Bredasdorp. Project could not be completed by the due date but was completed in the financial year.	None required. Project was completed
TL18	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Upgrade 800 M of gravel road (Industrial Road) to tar Struisbaai by 30 December 2017	Metres of road upgraded	3	New KPI	800	0	800	0	0	800	G	Struisbaai industrial road completed	None required
TL19	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	95% of the approved refuse removal capital budget spent by 30 June 2018 {(Actual expenditure divided by the total approved refuse removal capital budget) x 100}	% of refuse removal capital budget spent	All	100%	95%	0%	95%	95%	95%	100%	G 2	100% of the approved refuse removal capital budget spent. (R 2 251 664.65 of R 2 251 710.00 spent)	None required
TL20	Basic Service Delivery	To maintain infrastructure and undertake development	Compile an implementation plan for the roll-out of the Wheelie Bin System and submit	Implementation plan compiled and submitted to Council for approval	All	New KPI	1	0	0	1	0	0	R	A study was done by JPCE PTY LTD on various aspects of waste management including future	None required. Report was considered by Mayoral

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
		t of bulk infrastructure to ensure sustainable service delivery.	to Council for approval by 30 March 2018											planning for shared landfill sites and implementation of the wheelie bin project. Report submitted to the Mayoral Committee on 17 April 2018 (Resolution BK55/2018)	Committee instead of Council
TL21	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	95% of the approved water capital budget spent by 30 June 2018 {(Actual expenditure divided by the total approved water capital budget) x 100}	% of water capital budget spent	All	65.60%	95%	6%	67%	90%	95%	77.28 %	O	77.28% of the water and sanitation capital budget spent. (R2 728 673.33 of R3 530 752.00 spent).	None required. R600 000 was received from Province for Boreholes, hence the project did not have to be funded from our budget.
TL22	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Limit unaccounted for water to less than 18% by 30 June 2018 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl. free basic water) / Number of Kilolitres Water	% unaccounted water	All	17.48%	18%	18%	18%	18%	18%	13.80 %	B	Unaccounted water is 13.8% for the financial year. This reduction is due to concerted measures implemented to reduce water losses during the year.	None required

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
			Purchased or Purified i½ 100}												
TL23	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	95% average water quality level obtained as per SANS 241 on micro parameters for all water supply areas during the 2017/18 financial year	% water quality level obtained	All	96.21%	95%	95%	95%	95%	95%	95.40 %	G 2	Average water quality (SANS 241) for the year is 95.40%	None required
TL24	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Appoint a consulting Engineer to update the Water Services Development Plan by 30 June 2018	Number of appointment letters	All	New KPI	1	0	0	0	1	1	G	Consulting engineers appointed for 3-year period for all the Municipalities civil works including the Water Services Development Plan.	None required
TL25	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	60% waste water discharge quality obtained for Bredasdorp WWTW	% quality of waste water discharge obtained	All	62.02%	60%	60%	60%	60%	60%	55.55 %	O	Average waste water quality for the year is 55.55%	A consulting Engineer has been appointed to do the designs for the upgrading of the waste water treatment works.

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL26	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Appoint a consulting engineer to complete the design and contract documentation for the rehabilitation of the Waste Water Treatment Works in Bredasdorp by 30 June 2018	Number of appointment letters	2; 3; 4; 6	New KPI	1	0	0	0	1	1	G	Consulting engineers appointed for 3-year period for all the Municipalities civil works including the rehabilitation of the waste water treatment works	None required
TL27	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Limit unaccounted for electricity to less than 8% by 30 June 2018 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchased and/or Generated} x 100	% unaccounted electricity	All	6.50%	8%	8%	8%	8%	8%	6.93%	B	Unaccounted electricity is 6.93% for the financial year. These losses are well within accepted norms.	None required
TL28	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	95% of the electricity capital budget spent by 30 June 2018 {(Actual expenditure divided by the total approved capital budget) x 100} as per individual project plans	% of electricity capital budget spent	All	99.03%	95%	28%	66%	87%	95%	92.56%	O	92.56% of the electricity capital budget spent.	All projects completed. Savings

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Ward s	Previous Year Performan ce	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL29	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	95% of the INEP funds received spent by 30 June 2017 for the electrification of 69 IRDP houses {(Actual expenditure divided by the total received INEP allocation) x 100}	% of the INEP funds received spent	2	100.03%	95%	0%	30%	60%	95%	98.96 %	G 2	98.96% of INEP funds spent. ((R989 633.30 of R 1 000 000.00 spent)	None required
TL30	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Investigate the feasibility of alternative energy sources to manage the demand for electricity and submit a report to Council for consideration by 30 June 2018	Feasibility investigated and report submitted to Council for consideration	All	New KPI	1	0	0	0	1	1	G	SSEG Policy and contract forms approved by Council on 27 March 2018 Resolution 24/2018. Policy promotes use of alternate energy	None required
TL31	Basic Service Delivery	Development of sustainable vibrant human settlements	Develop a Human Settlement Plan and submit to Council by 31 March 2018	Human Settlement Plan developed and submitted to Council for approval	All	1	1	0	0	1	0	0	R	The Human Settlement Plan was not approved by the due date but was submitted to Council on 24 April 2018.	None required
TL32	Basic Service Delivery	Development of sustainable vibrant human settlements	Provide 537 serviced sites in Area F, Bredasdorp by 30 June 2018	Number of serviced sites provided	2	New KPI	537	0	0	0	537	683	G 2	683 stands were serviced in Area F	None required

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Ref	KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4	Overall performance 2017/18			
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL33	Basic Service Delivery	Development of sustainable vibrant human settlements	Finalise the appeal process for the housing development in Struisbaai by 30 June 2018	Number of ROD's	5	New KPI	1	0	0	0	1	1	G	ROD received	None required
TL34	Basic Service Delivery	Development of sustainable vibrant human settlements	Provide 200 top structures in Area F, Bredasdorp by 30 June 2018	Number of top structures provided	2	New KPI	138	0	0	0	138	0	R	No top structures could be constructed in the financial year.	Awaiting funding for top structures. All requirements have been complied with
TL35	Basic Service Delivery	To provide community facilities and services	Obtain full Blue Flag status for Duiker Street Beach Struisbaai by 30 November 2017	Full Blue flag status received for Duiker Street Beach Struisbaai	5	1	1	0	1	0	0	1	G	Full Blue Flag Status was awarded on 4 October 2017.	None required
TL46	Basic Service Delivery	To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery.	Investigate the feasibility of establishing a Regional Landfill Site and submit a report to Council for consideration by 30 June 2018	Report submitted to Council for consideration	All	New KPI	1	0	0	0	1	0	R	A study was done by JPCE PTY LTD on various aspects of waste management including future planning for shared landfill sites and implementation of the wheelie bin project. Report submitted to the Mayoral Committee on 17 April 2018 (Resolution BK55/2018)	None required. Report considered by Mayoral Committee instead of Council

Summary of Results: To ensure access to equitable affordable and sustainable municipal services for all citizens		
	KPI Not Yet Measured	0
	KPI Not Met	6
	KPI Almost Met	6
	KPI Met	7
	KPI Well Met	10
	KPI Extremely Well Met	2
<b>Total KPIs</b>		<b>31</b>

## 3.4.2.6 STRATEGIC GOAL 6: TO CREATE A SAFE AND HEALTHY ENVIRONMENT FOR ALL CITIZENS AND VISITORS TO THE CAPE AGULHAS MUNICIPALITY

Ref	National KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4				
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
TL36	Basic Service Delivery	To create and maintain a safe and healthy environment	Spend 95% of the approved capital budget for the Management Services Directorate by 30 June 2018 {(Actual expenditure divided by the total approved budget) x 100}	% of budget spent	All	New KPI	95%	13%	76%	95%	95%	86.45%	O	86.45% of the Management Services capital budget spent. (R 2 530 154.56 of R 2 926 850.00 spent)	Tidal pools are a roll over project, which started in 2017/18 and will be continued in 2018/19
TL37	Basic Service Delivery	To create and maintain a safe and healthy environment	Conduct a feasibility study to improve the safety and security (CCTV and other measures) within Cape Agulhas Municipality and submit to Council for	Feasibility study conducted and submitted to Council for consideration	All	New KPI	1	0	0	0	1	1	G	Feasibility study undertaken. The Council adopted a Smart City Strategy on 22 June 2018. One of the initiatives included in this strategy is the installation of CCTV cameras. (Resolution 81/2018)	None required



CAPE AGULHAS MUNICIPALITY ANNUAL REPORT 2017/18

Ref	National KPA	Strategic Objective	KPI	Unit of Measurement	Wards	Previous Year Performance	Annual Target	Q1	Q2	Q3	Q4				
								Target	Target	Target	Target	Actual	R	Performance Comment	Corrective Measures
			consideration by 30 June 2018												
TL51	Good Governance and Public Participation	To promote social and youth development	Review the Youth Development Strategy and submit to Council for approval by 30 June 2018	Youth Development Strategy reviewed and submitted to Council for approval	All	New KPI	1	0	0	0	1	1	G	Youth development strategy approved on 22 June 2018 (Resolution 77/2018)	None required

<b>Summary of Results: To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality</b>															
	KPI Not Yet Measured														0
	KPI Not Met														0
	KPI Almost Met														1
	KPI Met														2
	KPI Well Met														0
	KPI Extremely Well Met														0
<b>Total KPIs</b>															<b>3</b>

### 3.5 MUNICIPAL FUNCTIONS

The functions of municipalities are set out in Schedules 4B and 5B of the Constitution, and municipalities must perform these functions in a manner that enables them to achieve their Constitutional objectives. Section 84 of the Municipal Structures Act regulates the division of functions between district and local municipalities and the following table indicates the functions that Cape Agulhas Municipality is authorised to perform.

**TABLE 84 MUNICIPAL FUNCTIONS**

MUNICIPAL FUNCTION	MUNICIPAL FUNCTION (YES / NO)
<b>Constitution Schedule 4, Part B functions</b>	
Air pollution	Yes (currently run in conjunction with the Overberg District Municipality (ODM) due to capacity constraints. The ODM is also responsible for the licensing function)
Building regulations	Yes
Child care facilities	No
Electricity and reticulation	Yes
Firefighting services	No (run by ODM)
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes

MUNICIPAL FUNCTION	MUNICIPAL FUNCTION (YES / NO)
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes (burials done by the veterinarian)
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No (managed by the District Municipality)
Local amenities	Yes
Local sport facilities	Yes

Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

### 3.6 OVERVIEW OF PERFORMANCE PER WARD / TOWN

The Municipal Area was delimited into six wards for purposes of the 2016 municipal elections. The following sections provide a summary of basic service delivery per town, the most significant capital projects per ward as well as community needs identified per ward during the IDP process.

#### 3.6.1 BASIC SERVICE DELIVERY PER TOWN

The Municipality currently does not keep records of households receiving basic services per ward. However, the table below gives an indication of the detail of basic service delivery per town:

TABLE 85 BASIC SERVICE PROVISION PER TOWN

SERVICE LEVEL	TOWN	WATER	SANITATION	ELECTRICITY	REFUSE
<b>Formal Households with minimum service delivery</b>	Bredasdorp	3710	3694	4573	4012
	Napier	1116	1128	1393	1086
	Struisbaai	2490	2689	1937	2407
	L'Agulhas	663	643	690	650
	Waenhuiskrans	608	607	261	588
	Protem	21	21	0	23
	Klipdale	20	20	0	21
	Suiderstrand	144	127	137	127
<b>All informal areas in CAM</b>	Total Households	698	698	698	698
<b>Households without minimum service delivery</b>		0	0	0	0
<b>TOTAL HOUSEHOLDS</b>		<b>9470</b>	<b>9627</b>	<b>9689</b>	<b>9612</b>

#### 3.6.2 BASIC SERVICE PRIORITIES AND DELIVERY PER WARD

##### 3.6.2.1 WARD 1

Ward 1 comprises Napier, Elim, Spanjaardskloof, Houtkloof and surrounding farms

TABLE 86 CAPITAL PROJECTS OF WARD 1

PROJECT NAME AND DETAIL	START DATE	END DATE	TOTAL VALUE (R)
Re-gravel of Tamatiekraal roads	Feb 2018	June 2018	R207 683.84
Soccer field (Assessment)	October 2017	April 2018	R118 067.04

Electrification of informal dwellings	July 2017	June 2018	R40 000.00
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**TABLE 87 TOP FOUR SERVICE DELIVERY PRIORITIES FOR WARD 1**

NO	PRIORITY NAME AND DETAIL	PROGRESS DURING 2017/18
1	Safety and security – CCTV cameras	Investigation and feasibility study was done. Incorporated as part of SMART City Strategy. In process with investigation (Proof of concept) to determine if it is financially viable or not.
2	Road in informal settlement to give SAPS complete access to the area - Napier	Department of Roads/Storm water investigated and there is a shack blocking the road.
3	Upgrading of sewer system	No progress to date, this project is not a priority at this stage
4	Job creation	Ongoing

**3.6.2.2 WARD 2**

Ward 2 comprises part of Bredasdorp and Klipdale.

**TABLE 88 CAPITAL PROJECTS OF WARD 2**

PROJECT NAME AND DETAIL	START DATE	END DATE	TOTAL VALUE (R)
Upgrading of sidewalks – Lang street	Feb 2018	June 2018	R191 889.00
AREA F Electrification (142 plots)	June 2018	June 2018	R2 000 000.00

**TABLE 89 FOUR SERVICE DELIVERY PRIORITIES FOR WARD 2**

NO	PRIORITY NAME AND DETAIL	PROGRESS DURING 2017/18
1	Housing – Bredasdorp	Area F in Bredasdorp is being serviced with bulk infrastructure in order to construct 490 housing units
2	Housing – Klipdale	Province will not fund housing in Klipdale but 10% of Klipdale's waiting will be allocated houses in Napier or Bredasdorp.
3	Upgrading of all sidewalks, specifically Lang street and upgrading of Brand street	Sidewalks in Lang street completed
4	Speed bumps (Skool, Rivier, Ou Meule, Golf, Brand, Park and Lang streets)	Three speed bumps constructed per ward annually.

**3.6.2.3 WARD 3**

Ward 3 comprises part of Bredasdorp, which include the low cost housing scheme (Kleinbegin), Zwelitsha and Simunye.

**TABLE 90 CAPITAL PROJECTS OF WARD 3**

PROJECT NAME AND DETAIL	START DATE	END DATE	TOTAL VALUE (R)
Electrification of informal dwellings	July 2017	June 2018	R60 000.00
Kerbs and Sidewalks Ou Meule	February 2018	June 2018	R200 000.00

**TABLE 91 FOUR SERVICE DELIVERY PRIORITIES FOR WARD 3**

NO	PRIORITY NAME AND DETAIL	PROGRESS DURING 2017/18
----	--------------------------	-------------------------

1	More municipal pre-paid electricity selling points	Syntell operates the payment points on behalf of Council. Persons, who are interested in running a payment point, can contact Syntell and they will determine whether payment points are necessary/required in that specific area.
2	Fire hydrants	Engineering norm – within every 50-minute radius – will be investigated and phased in where necessary and discussed with fire service.
3	Solar geysers	2000 Solar Water geysers obtained from DOE for implementation during 2018/19 financial year.
4	Home for people with disabilities	Land can be made available. Social Development provides subsidies to organisations who wish to start such a facility.

#### 3.6.2.4 WARD 4

Ward 4 comprises part of Bredasdorp including the Central Business District, Proteem and surrounding farms.

TABLE 92 CAPITAL PROJECTS OF WARD 4

PROJECT NAME AND DETAIL	START DATE	END DATE	TOTAL VALUE (R)
Sub 11 to Sub 10 upgrade including Sub 11 feeder and borehole lines	July 2017	June 2018	R795 000.00
Upgrading of Sport Academy facilities – Glaskasteel	July 2017	June 2018	R344 799.79
Replacement of pipeline in Viljoen street	July 2017	June 2018	R528 800.00

TABLE 93 FOUR SERVICE DELIVERY PRIORITIES FOR WARD 4

NO	PRIORITY NAME AND DETAIL	PROGRESS DURING 2017/18
1	Upgrading of old water and sewer systems (Viljoen, Du Toit, Kloof and Dorpsig streets)	The water main in Viljoen street has been replaced.
2	Upgrading of sidewalks at Suideroord	CAM will upgrade the sidewalks in conjunction with Suideroord.
3	Tarring of roads – Proteem	Budgeted for 2018/19
4	Replace the fence at Ons Huis for safety	No provision on budget.

#### 3.6.2.5 WARD 5

Ward 5 comprises Suiderstrand, L'Agulhas, Struisbaai and Haasvlakte

TABLE 94 CAPITAL PROJECTS OF WARD 5

PROJECT NAME AND DETAIL	START DATE	END DATE	TOTAL VALUE (R)
Street lights new	July 2017	June 2018	40 000.00
Upgrading of tide pool	April 2018	June 2018	450 005.10
Upgrading of Industrial street, Struisbaai	July 2017	June 2018	893 313.06

TABLE 95 FOUR SERVICE DELIVERY PRIORITIES FOR WARD 5

NO	PRIORITY NAME AND DETAIL	PROGRESS DURING 2017/18
1	Upgrade water network (improve quality and increase capacity)	Constructed pipeline Agulhas to Struisbaai and another one from Struisbaai reservoir to Struisbaai North and Langezandt – pipelines have been completed.
2	Additional public toilets (Suiderstrand, CBD, Struisbaai North)	No provision in budget
3	Storm water drainage – Struisbaai north	No provision in budget
4	Street lighting – Struisbaai North	Street lighting fitted in First Avenue to the Caravan Park. 50 additional HPS 70W fittings have also been fitted during the last financial year. This is an Eskom supply area and CAM only have permission for streetlight maintenance but additional lights will be fitted when the LED roll out commences, so freeing up additional HPS lights.

### 3.6.2.6 WARD 6

Ward 6 comprises Arniston and surrounding farms, Overberg test range, and part of Bredasdorp (Selfbouv and Bergsig)

TABLE 96 CAPITAL PROJECTS OF WARD 6

PROJECT NAME AND DETAIL	START DATE	END DATE	TOTAL VALUE (R)
Safeguarding of Reception area – Arniston	Nov 2017	Nov 2017	R95 512.28
Kerbs and Sidewalks Ou Meule	February 2018	June 2018	R200 000.00

TABLE 97 FOUR SERVICE DELIVERY PRIORITIES FOR WARD 6

NO	PRIORITY NAME AND DETAIL	PROGRESS DURING 2017/18
1	Solar geysers	2000 Solar Water geysers obtained from DOE for implementation during 2018/19 financial year.
2	Upgrading of Sport field – Arniston	12 LED floodlights will be fitted as part of the upgrading.
3	Development of fishing trade (Abalone and Fish Farms) – Arniston	Ongoing
4	New primary school for Xhosa and Afrikaans languages (Bell street)	Area in Bell street was identified to build a school. Liaison with Department of Education in process.

### 3.7 COMPONENT A: BASIC SERVICES

Basic services are a package of services necessary for human well-being and typically include water, sanitation, electricity and refuse removal. An overview will also be provided of human settlement (housing) which differs from the aforementioned services in that it is a concurrent National and Provincial competence. It is included as there is a direct correlation between the provision of basic services and housing.

#### 3.7.1 WATER

##### a) Introduction to water

The Municipality's primary water sources are ground water from various boreholes in the area, as well as the Uitvlucht Spring, Sanddrift Dam and Vleikloof Dam, which supply Bredasdorp. Additional water sources need to be investigated in the near future, especially if the Municipality wants to encourage development.

The Western Cape was severely affected by drought during the 2017/18 financial year. Although Cape Agulhas was less affected by the drought than some neighbouring Municipalities, low rainfall and declining dam levels had an impact. The table below provides a comparison between dam levels as at 30 June 2018 compared to 30 June 2017.

TABLE 98 DAM LEVELS AS AT 30 JUNE

2017		2018	
SANDDRIF	VLEIKLOOF	SANDDRIF	VLEIKLOOF
29%	76%	18%	58%

It became necessary to impose water restrictions during the 2017/18 financial year. Households were restricted to a consumption volume of 20 kl per month and businesses 50 kl.

- **Service delivery highlights for 2017/18**
  - Two boreholes in Bredasdorp were rehabilitated to mitigate the impact of the drought.
- **Service delivery challenges for 2017/18**
  - The peak water demand during the summer holiday season in coastal town's remains a challenge, but a pipeline between L'Agulhas and Struisbaai has been constructed to supply additional water to Struisbaai in peak demand periods.
  - The Water Services Development Plan of the Municipality is outdated, but a consultant was appointed during June 2018 to review it during 2019.

##### b) Service statistics

##### ▪ Unaccounted for water (Losses)

Non-revenue or unaccounted for water is declining steadily and reduced from 19.02% in 2015/16 to 17.48% in 2016/17 to 13.8% in 2017/18. The Municipality's multi- year water meter replacement programme, which entails the replacement of 1000 water meters, has contributed significantly to this decline.

TABLE 99 UNACCOUNTED FOR WATER

YEAR	PURIFIED (KL)	LOSSES (KL)	%	RAND VALUE
2016/17	2 586 927	452 288	17.48	922 668.00

2017/18	2 741 319	379 571	13.8%	766 733
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▪ **Household access to water**

All households in the Municipal Area have access to minimum water standards. Access to minimum water standards is defined as access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute. Access to piped water is defined as 6,000 litres of potable water supplied per formal connection per month. National policy also requires that poor households should receive 6 kl of free basic water per month.

**TABLE 100 ACCESS TO WATER**

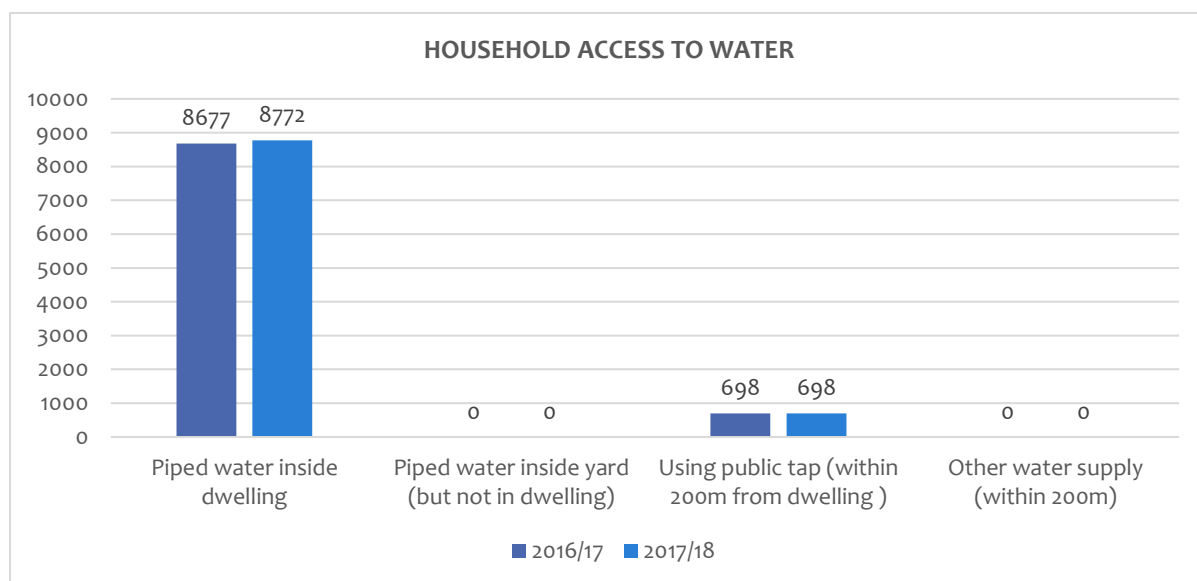
FINANCIAL YEAR	PROPORTION OF HOUSEHOLDS WITH ACCESS TO WATER POINTS*	PROPORTION OF HOUSEHOLDS WITH ACCESS TO PIPED WATER	PROPORTION OF HOUSEHOLDS RECEIVING 6 KL FREE
2016/17	8%	92%	100%
2017/18	7%	93%	100%

**TABLE 8 WATER SERVICE DELIVERY LEVELS: HOUSEHOLDS**

DESCRIPTION	HOUSEHOLDS	
	2016/17	2017/18
	ACTUAL NO	ACTUAL NO
<b>Water: (above min level)</b>		
Piped water inside dwelling	8677	8772
Piped water inside yard (but not in dwelling)	0	0
Using public tap (within 200m from dwelling )	698	698
Other water supply (within 200m)	0	0
Minimum Service Level and Above sub-total	9375	9470
Minimum Service Level and Above Percentage	100%	100%
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0
<b>Total number of households*</b>	<b>9375</b>	<b>9470</b>
*Includes informal settlements		



FIGURE 6 WATER SERVICE DELIVERY LEVELS



### c) Human resources

TABLE 101 EMPLOYEES WATER SERVICES

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	22	20	16	4	20.00%
04 - 08	14	15	15	0	0.00%
09 - 13	7	8	7	1	12.50%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>44</b>	<b>44</b>	<b>39</b>	<b>5</b>	<b>11.36%</b>

### d) Financial performance: Capital expenditure

TABLE 102 CAPITAL EXPENDITURE: WATER SERVICES

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Secure boreholes (CAM area)	200 000	110 110	110 110.00	-45%	0%
Lime Dosing pump	50 000	60 000	59 605.65	19%	-1%
Chlorine Scale	50 000	29 870	26 197.00	-48%	-12%
Struisbaai Chlorine Dos. System	100 000	100 000	81 512.00	-18%	-18%
Liquid Aluminium Dos. System Bredasdorp WTW	200 000	300 000	287 883.00	44%	-4%
Office and Toilets @ Napier Treatment Plant	95 000	95 000	64 125.91	-32%	-32%

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Instruments: PH meters, conductivity meter	50 000	29 540	25 910.00	-48%	-12%
2x Pipe cutters	60 000	20 570	20 570.00	-66%	0%
3x Generators	30 000	19 810	17 370.00	-42%	-12%
3x Water pumps	30 000	30 000	22 812.75	-24%	-24%
Pipe Inspection Camera	100 000	100 000	93 100.00	-7%	-7%
Metal Detectors	50 000	50 000	32 200.00	-36%	-36%
3x Plate compactors	30 000	30 000	23 985.00	-20%	-20%
Replacement of Viljoen Street Water Main Bredasdorp	800 000	800 000	528 800.00	-34%	-34%
Replacement LDV CS15643	250 000	190 240	186 652.84	-25%	-2%
Upgrade Boreholes - Bredasdorp	600 000	200 000	127 939.00	-79%	-36%
Water mains - GAP Housing		473 692	711 954.14	—	50%
Boreholes - Bredasdorp (DWA Funded)		582 410		—	-100%
Water Treatment Tools	10 000	9 510	7 946.04	-21%	-16%
Upgrading of Fence	100 000	-	-	-100%	—
Replace pipework and valves L'Agulhas Reservoirs	300 000	300 000	300 000.00	0%	0%
<b>TOTAL</b>	<b>3 105 000.00</b>	<b>3 530 752.00</b>	<b>2 728 673.33</b>	<b>-12%</b>	<b>-23%</b>

The positive variances on the water and sanitation projects are all savings. We received funding from the Province for the rehabilitation of the boreholes in Bredasdorp and did not have to use own funds.

### 3.7.2 SANITATION (WASTE WATER)

#### a) Introduction to sanitation

Bredasdorp has a full waterborne sewerage system in place. The lower income areas in Napier, Arniston and Struisbaai also have a full waterborne sewerage system, but the higher income areas are serviced with septic tanks. A sewer tanker is available for the rural areas. Various Waste Water Treatment Works (WWTW) are operational throughout the Municipal Area.

#### ▪ Service delivery highlights for 2017/18

- The design for the upgrading of the Bredasdorp WWTW has commenced.

▪ **Service delivery challenges for 2017/18**

- The quality of the effluent from the Bredasdorp WWTW is below standard, but will improve with the envisaged upgrading.

**b) Service statistics**

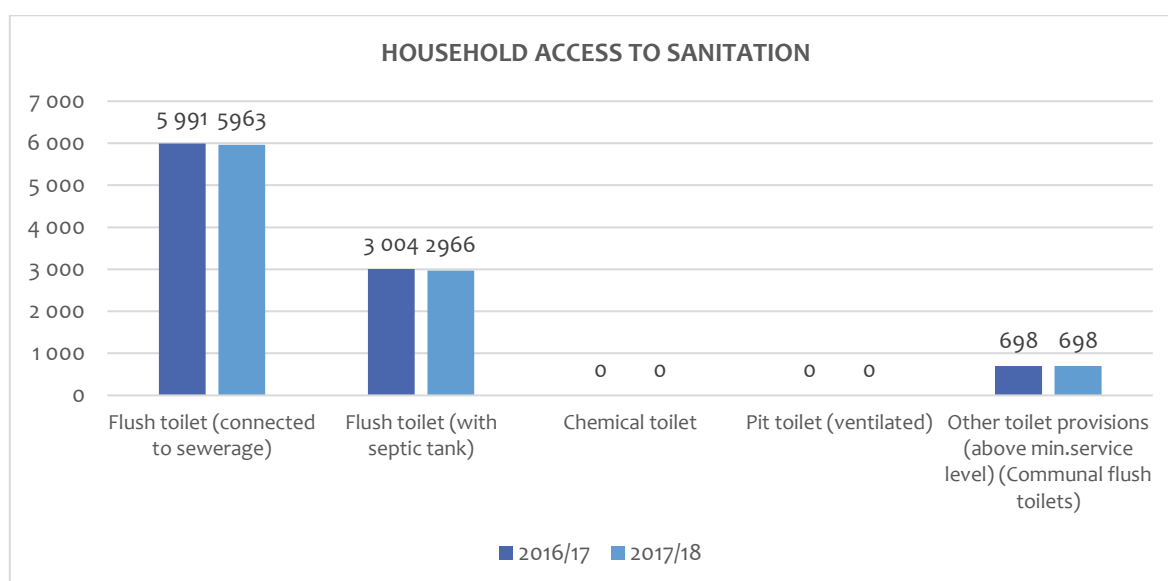
▪ **Household access to sanitation**

Access to minimum sanitation services is defined as a ventilated pit latrine (VIP). All urban households within the Municipality's area of jurisdiction have access to minimum sanitation levels.

**TABLE 103 SANITATION SERVICE DELIVERY LEVELS**

DESCRIPTION	HOUSEHOLDS	
	2016/17	2017/18
	ACTUAL NO	ACTUAL NO
<b>Sanitation/sewerage: (above minimum level)</b>		
Flush toilet (connected to sewerage)	5 991	5963
Flush toilet (with septic tank)	3 004	2966
Chemical toilet	0	0
Pit toilet (ventilated)	0	0
Other toilet provisions (above min. service level) (Communal flush toilets)	698	698
Minimum Service Level and Above sub-total	9693	9627
Minimum Service Level and Above Percentage	100%	100%
Bucket toilet	0	0
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0
<b>Total number of households*</b>	<b>9693</b>	<b>9627</b>
*Includes informal settlements		

**FIGURE 7 SANITATION SERVICE DELIVERY LEVELS**



c) **Human resources**

TABLE 104 EMPLOYEES SANITATION SERVICES

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	13	13	13	0	0.00%
04 - 08	6	6	6	0	0.00%
09 - 13	2	1	1	0	0.00%
14 - 18	0	0	0	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>0.00%</b>

d) **Financial performance: Capital expenditure**

TABLE 105 CAPITAL EXPENDITURE: SANITATION SERVICES

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Sewer Reticulation - GAP Housing	0	1 300 937	1 639 732.41	—	26%
Rehabilitate WWTW	877 193	877 193	877 192.68	0%	0%
<b>TOTAL</b>	<b>877 193.00</b>	<b>2 178 130.00</b>	<b>2 516 925.09</b>	<b>187%</b>	<b>16%</b>

**3.7.3 ELECTRICITY**a) **Introduction to electricity**▪ **Distribution areas**

There are two distributors of electricity within the Municipal Area, namely the Cape Agulhas Municipality and Eskom. The following table shows the distribution areas of each.

TABLE 106 ELECTRICITY DISTRIBUTION AREAS

CAPE AGULHAS	ESKOM
<ul style="list-style-type: none"> <li>○ Bredasdorp</li> <li>○ Napier</li> <li>○ Struisbaai</li> <li>○ L'Agulhas</li> <li>○ Waenhuiskrans</li> <li>○ Suiderstrand</li> </ul>	<ul style="list-style-type: none"> <li>○ Klipdale</li> <li>○ Proteem</li> <li>○ Struisbaai North</li> <li>○ Kassiesbaai</li> <li>○ Elim</li> <li>○ Agricultural areas</li> </ul>

▪ **Small Scale Embedded Generation (SSEG)**

Currently, the installation of SSEG projects is minimal within the Cape Agulhas Municipal supply area and has a negligible effect on electrical sales, but this trend will increase with the ever-increasing tariff increases granted to Eskom and will inevitably erode the Municipality's income from electrical sales. The cost of solar panels, inverters and batteries is restrictive to average households, but the costs are decreasing rapidly as the demand rises and will reach a level where the SSEG will be more cost effective than purchasing electricity from the Municipality. What must be borne in mind is that the Municipality must still maintain infrastructure to cater for the maximum demand possible if all SSEG fails.

▪ **Service delivery highlights for 2017/18**

- The electrification of 140 plots as identified in phase one of Area "F", ASLA must still complete the top structures
- Installation of numerous streetlights and floodlights in all wards.
- Maintenance of street lights in the Eskom supply areas in accordance with an agreement concluded with ESKOM
- Successful application for a grant to the value of R5 000 000 from Department of energy for LED street light retrofit project to be rolled out in 2018/19.
- Successful application for 2000 Solar Water Heaters for installation in various areas within the Municipal boundaries to be rolled out in 2018/19
- Council approved the Small Scale Embedded Generation Policy and contract
- Upgrade of infrastructure in the area surrounding the Vleikloof dam.

▪ **Service delivery challenges for 2017/18**

- Severe demand capacity restraints due to Eskom infrastructure
- The lack of statistics from the new financial system
- The new standard of Eskom performing shutdown maintenance on weekdays and the associated difficulties of getting all communities re connected to electricity after sustained outages, due to the massive demand on capacity during a cold start. Rotational demand shedding is unfortunately unavoidable when resuming service after long outages.
- Increasing incidents of copper theft

**b) Service statistics**

▪ **Unaccounted for electricity (Losses)**

The Municipality's electricity losses decreased from 7.20% in 2015/16 to 6.50% in 2016/17 and are 6.93% for 2017/18. Our unaccounted electricity remains well below the norm.

TABLE 107 ELECTRICITY LOSSES

YEAR	UNITS PURCHASED (kWh)	LOSSES (kWh)	%	RAND VALUE (APPROXIMATE)
2016/17	74 511 070	4 840 087	6.50%	3 339 660.00
2017/18	77 015 632	5 336 516	6.93%	3 682 196.00

▪ **Household access to electricity**

Access to minimum electricity standards is defined as an electricity connection at the dwelling. National policy also requires that poor households should receive 50kWh of free basic electricity per month. All formal

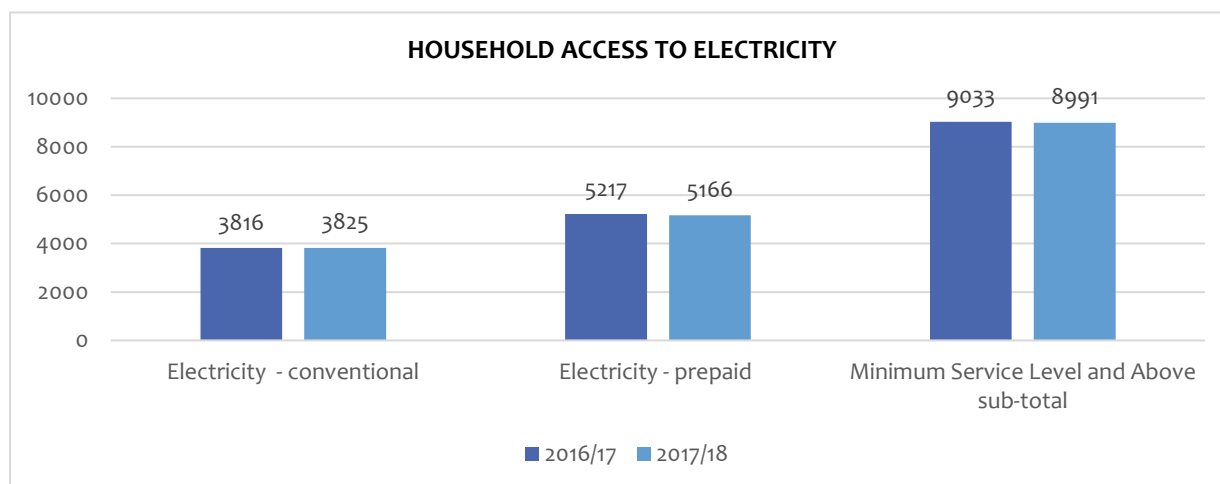
households as well as households in informal settlements have access to electricity in the Cape Agulhas area of supply.

TABLE 108 ELECTRICITY SERVICE DELIVERY LEVELS

DESCRIPTION	HOUSEHOLDS	
	2016/17	2017/18
	ACTUAL NO	ACTUAL NO
<b>Energy: (above minimum level)</b>		
Electricity - conventional	3816	3825
Electricity - prepaid	5217	5166
Minimum Service Level and Above sub-total	9033	8991
Minimum Service Level and Above Percentage	100%	100%
Electricity (< min. service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0
<b>Total number of households</b>	<b>9033</b>	<b>8991</b>

The table above indicates the level and tariff spread for domestic electricity supply and excludes the commercial and industrial tariff classes.

FIGURE 8 ELECTRICITY SERVICE DELIVERY LEVELS



### c) Human resources

TABLE 109 EMPLOYEES: ELECTRICITY SERVICES

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	6	5	4	1	20.00%
04 - 08	5	5	5	0	0.00%
09 - 13	9	10	10	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%

<b>TOTAL</b>	21	21	20	1	4.76%
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d) **Financial performance: Capital expenditure**

TABLE 110 CAPITAL EXPENDITURE: ELECTRICITY SERVICES

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL	VARIANCE TO ADJUSTMENT
Mini-Subs / Network	0	1000000	993939.32	0%	-1%
Electrification - Informal Settlements	100000	100000	97902.44	-2%	-2%
Tools	50000	50000	48423.14	-3%	-3%
Cable locator	32000	28330	24850	-22%	-12%
Office Furniture	23000	22320	22312.33	-3%	0%
Air conditioners X2	32000	13920	13915	-57%	0%
Dora Project	1000000	1000000	983969.02	-2%	-2%
Change Transformers Mini subs	365000	364420	364411.22	0%	0%
Replace Med/Low Volt Overhead lines	795750	795750	718529.23	-10%	-10%
Street Lights - New	150000	150000	110540.03	-26%	-26%
<b>TOTAL</b>	<b>2547750</b>	<b>3524740</b>	<b>3378791.73</b>	<b>33%</b>	<b>-4%</b>

### 3.7.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

a) **Introduction to waste management**

▪ **Landfill sites and drop offs**

The Municipality has a licensed landfill site in Bredasdorp and three Drop-Off areas (Napier, Waenhuiskrans and Struisbaai). There is also a licensed landfill site in Elim, which is operated by the Elim "Opsieners Raad". The waste from the Drop-Off's is collected and transported to the Bredasdorp landfill site. Garden waste from Waenhuiskrans is transported to the Bredasdorp landfill.

The Bredasdorp Landfill is nearing its capacity and an investigation was commissioned on the possibility of a shared regional landfill site. The investigation suggested three options, namely:

- Regional Landfill between Bredasdorp and Swellendam
- Karwyderskraal regional landfill
- Either the Bredasdorp or Swellendam landfills to be shared

The data from the landfill and Drop-Off's is reported on the IPWIS system of the Department of Environmental Affairs. Internal and External audits were completed as stated in the permit conditions.

▪ **Refuse collection**

All households in the Municipal Area have access to a weekly refuse collection service. In the low-income areas, the bags are carried out to the nearest collection point. Each household receives 60 black bags per annum free of charge.

Street cleaning takes place on a continuous basis throughout the year and done as part of the Municipalities EPWP programme which creates jobs. EPWP projects include the cleaning up of illegal dumping

#### ▪ **Recycling**

The Municipality has a recycling programme in place and the separation of waste takes place at source. A two bag system has been implemented for collecting of waste. Material that can be recycled is placed in clear bags and other waste in black bags. Businesses also take part in the recycling project and separate the waste for collection. This programme also creates jobs and extensive use is made of the Expanded Public Works Programme (EPWP). Awareness campaigns on recycling were held at business, shopping malls, schools and door to door campaigns. Coastal Clean-up operations were done with the Overberg District Municipality and recycling bins were distributed to various schools to promote the project.

#### ▪ **Awareness**

EPWP projects aim to create awareness on recycling and illegal dumping. Illegal dumping is a major challenge for the municipality and door to door awareness by EPWP projects were part of an education programme.

#### ▪ **Service delivery highlights for 2017/18**

- Illegal dumping sites within Bredasdorp have been converted into community gardens.
- The community identified a need for wheelie bins, and this was investigated as part of the regional landfill site investigation. As a result, the Council budgeted for the implementation of wheelie bins throughout the Municipal Area over the course of two financial years.

#### ▪ **Service delivery challenges for 2017/18**

- Illegal dumping is an ongoing challenge
- Costs related to the establishment of a regional landfill site

### b) **Service statistics**

Basic level services for refuse removal are defined as free weekly refuse removal. All households in urban areas have access to a weekly refuse removal service.

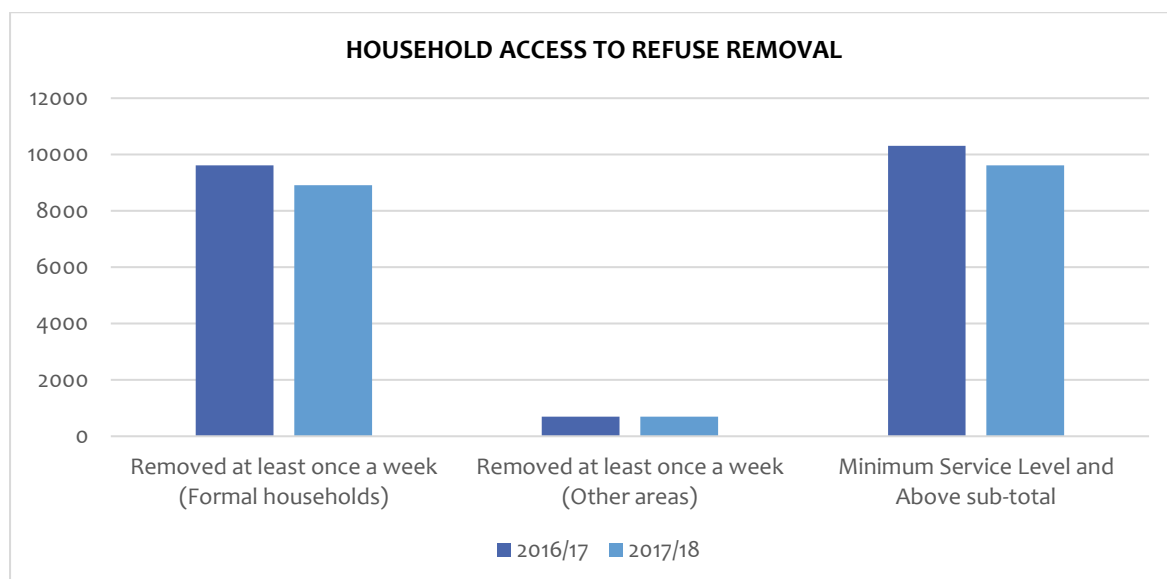
**TABLE 111 WASTE MANAGEMENT SERVICE DELIVERY LEVELS**

DESCRIPTION	HOUSEHOLDS	
	2016/17	2017/18
	ACTUAL NO	ACTUAL NO
<b>Solid waste removal (Minimum level)</b>		
Removed at least once a week (Formal households)	9614	8914
Removed at least once a week (Other areas)	698	698
Minimum Service Level and Above sub-total	10312	9612
Minimum Service Level and Above percentage	100	100
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level percentage	0	0



Total number of households	10312	9612
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FIGURE 9 WASTE MANAGEMENT SERVICE DELIVERY LEVELS



## c) Human resources

TABLE 112 EMPLOYEES: WASTE MANAGEMENT

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	23	23	17	6	26.09%
04 - 08	7	6	6	0	0.00%
09 - 13	5	1	1	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>36</b>	<b>31</b>	<b>25</b>	<b>6</b>	<b>19.35%</b>

## d) Financial performance: Capital expenditure

TABLE 113 CAPITAL EXPENDITURE: WASTE MANAGEMENT SERVICES

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	ORIGINAL BUDGET VARIANCE (%)	ADJUSTMENT BUDGET VARIANCE (%)
Rehabilitation Provision; Landfill Site		330 000	329 955.00	—	0%
Compactor Landfill Site	1 650 000	1 921 710	1 921 709.65	16%	0%
Upgrading of Drop-off loading areas - Landfill site	350 000	-	-	-100%	—
<b>TOTAL</b>	<b>2 000 000.00</b>	<b>2 251 710.00</b>	<b>2 251 664.65</b>	<b>13%</b>	<b>0%</b>

## 3.7.5 HOUSING

## a) Introduction to housing

Housing is a concurrent National and Provincial competency in terms of Part A of Schedule 4, of the Constitution. Section 10 of the Housing Act, Act 107 of 1997, sets out the responsibilities of municipalities in

relation to the provision of housing. There is a direct correlation between the provision of basic services and housing, which makes it a complex function that relies on high levels of cooperation between the Municipality and the Provincial and National Departments responsible for Housing.

Shelter is a basic need and housing will provide shelter, but this alone is not enough. Settlements are a key element of the urban environment and they should function as a singular workable system of integrated networks and interconnecting nodes. The Municipality supports this sentiment, and strives to ensure that liveable habitats are created to contribute to the improvement of the living conditions of the poor.

The Municipality is on track with its housing roll out programme. In line with the Strategic Objective of the Western Cape Department of Human Settlements to eradicate informal settlements, all our housing projects are also planned to decrease the number of informal settlements as well as improve the living conditions and level of basic services in informal settlements while also addressing the housing backlog in general.

The Government's primary objective is to undertake housing development, which Section 1 of the Housing Act, No. 107 defines as being: *"the establishment and maintenance of habitable, stable and sustainable public and private residential environments. This is to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities in which all citizens and permanent residents of the Republic will, on a progressive basis, have access to housing. This includes permanent residential structures with secure tenure, ensuring internal and external privacy, and providing adequate protection against the elements, potable water, adequate sanitary facilities and domestic energy supply."*

The existing National Human Settlements Programme is based on this objective and the principles embodied therein. Municipalities are required to take a leading role in identifying land for the location of housing supply, to facilitate spatial planning and transportation systems and the integration of housing into municipal IDP's.

The housing development process entails the following:

- Initiating, planning, facilitating and co-ordinating appropriate housing development.
- Promoting private sector development and playing the role of developer.
- Preparing a housing delivery strategy and setting up housing development goals.
- Identifying and allocating land for housing development.
- Creating a financially and socially viable environment for housing delivery.
- Facilitating the resolution of conflicts arising from housing delivery initiatives.
- Facilitating the provision of bulk services.
- Administering national housing programmes.

#### **b) Cape Agulhas Municipality Human Settlement Plan**

The Municipality has adopted a Human Settlement Plan, which focuses on the implementation of the housing programme in accordance with the IDP of Council. This plan is used to facilitate and assist the Municipality to fulfil the role assigned to it in terms of the National Housing Code. The Housing Plan addresses the following:

- Inclusion of housing planning as part of the integrated development planning process.
- Sustainable settlement development and asset creation. This will need a shift in policy from providing shelter to developing sustainable human settlements for our communities.

- A shift towards development that is demand-defined (by households according to their needs, and through local government processes such as the IDP). This will then ensure that people living in situations of poverty are better able to build social and physical assets, thus enhancing housing as an economic instrument once transferred.
- The institutional architecture of housing will have to be restructured through coordinated and integrated planning, funding and capacity building efforts at different spheres and sectors of government.
- Lastly the housing policy instruments and their implementation agencies need to be aligned to ensure better flow of funds and more effective achievement of desired outcomes. Housing planning as part of the IDP will form the basis for multi-year provincial housing plans, thereby improving planning.
- This strategic plan focuses on the implementation of the housing programme in accordance with the IDP and to adjust the housing strategy and targets in line with new policy directives.

When developing the Human Settlement Plan the extensive migration of people into the Cape Agulhas Municipal Area was taken into account. South Africa as a country has long been affected by patterns of migration, which has now developed into an established pattern. In the recent years there has been a progressive intensification of mobility in the Western Cape Province. The underlying determinants of this trend include increased and new economic opportunities, quality of education and better health care service in the province. The implications of migration into our Municipality for housing are as follows:

- There is a substantial increase in population in the informal areas.
- A considerable number of people in the informal settlements are not South African citizens which is one of the qualifying criteria for a housing subsidy.
- The majority of people travel by foot to school and work. This has an implication for delivery of future housing, which should be located in close proximity to existing work opportunities and education facilities.

The following progress was made in the 2017/18 financial year:

- Planning is underway for a new mixed housing project in Bredasdorp and Struisbaai for possible implementation in 2019. These projects will also address the issue of informal settlements like the relocation of Oukamp in Struisbaai. The Municipality is also targeting the affordable market beneficiaries. The planning processes are very lengthy due to public participation processes and outcomes such as objections from adjacent communities where projects are planned for implementation.

Projects in Implementation stages:

- Commencement of the installation of services for 683 sites in Site F Bredasdorp which will be a fully-fledged mixed development with affordable houses, low costs houses, serviced plots for informal settlements relocation and institutional sites. Completion date for the installation of services is February 2019
- Installation of Bulk Services, Area H, total yield 158 and 29 GAP Erven, completed September 2017. Top Structures will be constructed during the 2018/19 financial year.
- IRDP in Struisbaai of 441 houses<sup>[1]</sup> (Final Basic Assessment Report has been submitted to Department of Environmental Affairs and Planning)

- Finance Linked Individual Subsidy Programme Projects (GAP) for 365 units in Bredasdorp, 16 units in Arniston and 33 units in Struisbaai for Middle Income earners, currently busy with consumer education as the project is ready for implementation
- Completed installation of services in the IRDP in Bredasdorp which will comprise affordable housing and Low cost houses, the total number of houses is 158
- Building of 109 top structures in Bredasdorp with an estimated commencement date in October 2018
- Completed the Rapid Appraisal of all informal settlements and prioritisation of the informal settlements
- Transferred 26 title deeds on the Title Deeds Restoration Programme for old housing stock
- Commenced with planning for Napier 150 houses IRDP

Funding has been approved for all of the above projects.

The biggest priority for Cape Agulhas Municipality is to reduce the number of households in the various informal settlements, and create better living conditions for back yard dwellers. Council also has a plan to start addressing the housing needs for the affordable market and to make available serviced plots for beneficiaries earning R3501-R7000.

The Human Settlement Plan of Cape Agulhas Municipality illustrates this intention quite clearly. A major focus is now being placed on those who do not qualify for houses and are in the “GAP” market.

#### c) Title deed restoration programme

The Municipality is participating in the Title Deed Restoration Programme. 55 Title Deeds were restored from old Housing Schemes and 151 Title Deeds was received from the Transferring Attorneys for the Struisbaai Housing Project in the financial year under review.

#### b) Service statistics

The following table indicates the number of households with access to basic housing:

TABLE 114 PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING

TOTAL HOUSEHOLDS (INCLUDING IN FORMAL AND INFORMAL SETTLEMENTS)	HOUSEHOLDS IN FORMAL SETTLEMENTS	PERCENTAGE OF HHS IN FORMAL SETTLEMENTS	HOUSEHOLDS IN INFORMAL SETTLEMENTS
10 161	9 862	7.07%	698

Source: Statistics SA – Census 2011 / Informal settlement register

There are currently 3685 applicants or potential beneficiaries on the waiting list for Cape Agulhas Municipality. This is an increase from the previous year when the number of people on the waiting list was 3505.

TABLE 115 HOUSING WAITING LIST

FINANCIAL YEAR	HOUSING APPLICANTS	% HOUSING WAITING LIST (INCREASE/DECREASE)
2015/16	3 505	2.76
2016/17	3 594	2.53

2017/18	3685	2.57
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TABLE 116 HOUSES BUILT / STANDS SERVICED IN 2017/18

FINANCIAL YEAR	ALLOCATION R'000	AMOUNT SPENT R'000	% SPENT	NUMBER OF HOUSES BUILT	NUMBER OF SITES SERVICED
2015/16	6 668	6 668	100	0	0
2016/17	119 53	11 953	100	0	158
2017/18	29 764	29 764	100	0	683

## c) Human resources

TABLE 117 EMPLOYEES: HOUSING SERVICES

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	0	0	0	0	0.00%
04 - 08	2	2	2	0	0.00%
09 - 13	1	2	2	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	4	5	5	0	0.00%

## d) Financial performance

A grant to the amount of R 29 764 335 was allocated by the Western Cape Provincial Government for the planning and services during the financial year under review. The amount of R29 764 355 was spent No houses were built, but the following was completed:

- Planning for Site G 351 houses in Bredasdorp
- Planning for site F 683 houses in Bredasdorp
- Additional funding Arniston top structures
- Planning for Site A 443 houses Struisbaai
- Installation of 158 services in Site H Bredasdorp

## 3.7.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

## a) Introduction to free basic service delivery

The National Framework defines indigent as “lacking the necessities of life”. Cape Agulhas Municipality is responsible for indigents with respect to the following services:

- Water supply;
- Sanitation;
- Refuse;
- Basic energy.

For each of these services there is a range of service levels, which can be provided with the following categories typically being applied:

- Basic service level which is required in order to maintain basic health and safety;

- Intermediate service level;
- Full service, the highest level of service that is traditionally applied in South African municipalities.

Cape Agulhas Municipality supports the indigents with the following services:

- 6kl free water;
- 50kWh free electricity;
- Rebate 40% or 80% for water depending on household income;
- Rebate 40% or 80% for refuse removal depending on household income;
- Rebate 40% or 80% for sanitation depending on household income;

In accordance with the approved Indigent Policy of the Municipality, all households earning less than R4 750.00 per month will receive the free basic services as prescribed by National Policy.

#### b) Service statistics

The table below indicates the total number of indigent households and other households that received free basic services in the past two financial years:

TABLE 118 FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS

YEAR	TOTAL HH'S	HOUSEHOLDS EARNING LESS THAN R2 860 PER MONTH							
		FREE BASIC WATER		FREE BASIC SANITATION		FREE BASIC ELECTRICITY		FREE BASIC REFUSE	
		ACCESS	%	ACCESS	%	ACCESS	%	ACCESS	%
2016/17	8 995	2558*	28.43	2558*	28.43	2558*	28.43	2558*	28.43
2017/18	9 515	3 021	31.74	3 021	31.74	3 021	31.74	3 021	31.74

(\* Figure excludes and Elim)

The table above excludes 124 indigents from Elim who were subsidised to the amount of R300 000 for the financial year. Elim provides their own services but since they reside in the Cape Agulhas Municipal Area, the Council decided that all the residents must be treated equitably.

TABLE 119 COST TO THE MUNICIPALITY OF FREE BASIC SERVICES DELIVERED

SERVICES DELIVERED	2016/17	2017/18			
	ACTUAL	BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
Water	2 755 000	2 332 000	0	3 001 041	(669 041)
Waste Water (Sanitation)	2 449 000	3 074 000	0	2 403 106	670 894
Electricity	479 000	381 200	47 765	513 597	(84 632)
Waste Management (Solid Waste)	3 607 000	3 712 000	0	3 979 206	(267 206)
<b>TOTAL</b>	<b>9 290 000</b>	<b>9 499 200</b>	<b>47 765</b>	<b>9 896 950</b>	<b>(349 985)</b>

### 3.8 COMPONENT B: ROAD TRANSPORT AND STORMWATER

This component includes: roads and wastewater (storm water drainage). The Roads and Stormwater Department is tasked with the construction and maintenance of all roads and storm water assets within the Cape Agulhas Municipal Area. Master plans for roads and storm water for the whole area were put in place to assist in planning and budgeting. These master plans are upgraded every 4 years.

#### 3.8.1 ROADS

##### a) Introduction to roads

The strategy of the Roads and Storm Water Department is to build a minimum of 1.5 km new roads annually in the Municipal Area. These projects aim to address the backlog and alleviate poverty through labour intensive construction methods, which enable us to employ local unemployed people through EPWP.

In Bredasdorp, new engineering technology was used for the upgrading of gravel roads to labour based asphalt roads. This technology was a pilot project for labour based asphaltting. This resulted in additional MIG funds being allocated to the Municipality and the International Labour Organisation were so impressed that they compiled a documentary on the Bredasdorp Roads Project as well as the Napier Project. This documentary is available on request.

##### ▪ Service delivery highlights for 2017/18

- A storm water canal was constructed in Bredasdorp area F using gabions. This was a labour intensive method that facilitated job creation as well as skills development. The project also enabled the Municipality to complete the servicing of the erven in order that a much needed housing project can be developed in 2018/19

##### ▪ Service delivery challenges for 2017/18

- Creating opportunities to create jobs through labour intensive projects. More projects can be done using labour intensive methods.

##### b) Service statistics

TABLE 120 GRAVEL ROAD INFRASTRUCTURE

YEAR	TOTAL GRAVEL ROADS KM	NEW GRAVEL ROADS CONSTRUCTED KM	GRAVEL ROADS UPGRADED TO TAR KM	GRAVEL ROADS GRADED/MAINTAINED KM
2016/17	30.33	0	3.37	26.96
2017/18	26.96	0	1.9	25.06

TABLE 121 TARRED ROAD INFRASTRUCTURE

YEAR	TOTAL TARRED ROADS KM	NEW TAR ROADS KM	EXISTING TAR ROADS RE-TARRED KM	EXISTING TAR ROADS RE-SHEETED KM	TAR ROADS MAINTAINED KM
2016/17	181.67	4.45	0	6.94	181.67
2017/18	181.67	5.7	1.9	0	189.27

TABLE 122 COST OF CONSTRUCTION/MAINTENANCE

YEAR	GRAVEL			TAR		
	NEW (R' 000)	GRAVEL – TAR (R' 000)	MAINTAINED (R' 000)	NEW (R' 000)	RE-WORKED (R' 000)	MAINTAINED (R' 000)
2016/17	3 550	2 200	650	4 750	1 010	1 200
2017/18	43250	2800	710	5500	1650	1300

## c) Human resources

TABLE 123 EMPLOYEES: ROADS AND STORMWATER

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	17	17	16	1	5.88%
04 - 08	17	14	13	1	7.14%
09 - 13	8	10	10	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>43</b>	<b>42</b>	<b>40</b>	<b>2</b>	<b>4.76%</b>

## e) Financial performance: Capital expenditure

TABLE 124 CAPITAL EXPENDITURE ROADS

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Roads - GAP Housing		3 360 064	4 452 660.52	–	33%
Bench Angle Grinders & Nexus Extension Reel		9 660	9 660.00	–	0%
SIDEWALKS SBAAI/LA	500 000	500 000	63 147.90	-87%	-87%
Speed Bumps CAM (3 per ward)	200 000	200 000	172 027.70	-14%	-14%
Kerbs Ou Meule street (B/Dorp)	200 000	200 000	200 000.00	0%	0%
3 x Plate Compactors	45 000	38 000	37 253.39	-17%	-2%



2 x Jackhammers Heavy Duty	45 000	23 940	20 817.39	-54%	-13%
Furniture (Manager Supervisor)	25 000	16 050	16 045.00	-36%	0%
Upgrade Suiderstrand Road	1 000 000	850 000	632 346.60	-37%	-26%
Sidewalks Long Street (B/Dorp)	400 000	390 340	205 672.99	-49%	-47%
Sidewalks Bredasdorp (Wards)	400 000	400 000	191 889.00	-52%	-52%
Industrial Road Struisbaai	750 000	900 000	893 313.06	19%	-1%
Re-gravel Tamatiekraal Street - Napier	200 000	200 000	207 683.84	4%	4%
Nuwerus Streets	1 246 796	1 246 796	1 152 996.73	-8%	-8%
Ou Meule Link to Swellendam Road (B/dorp)	1 315 789	1 315 789	1 315 789.00	0%	0%
<b>TOTAL</b>	<b>6 327 585.00</b>	<b>9 650 639.00</b>	<b>9 571 303.12</b>	<b>51%</b>	<b>-1%</b>

### 3.8.2 WASTE WATER (STORMWATER DRAINAGE)

#### a) Introduction to storm water

Storm water upgrading and maintenance are essential for any municipality because an “Act of God” (flash flood) can happen at any given time. Municipalities therefore have to ensure that the management of run-off of storm water is effective.

Storm water drainage is still a major challenge due to the existing backlog and inadequate storm water systems. A master plan was drawn up to identify and prioritize the needs for capital budget purposes and focus areas.

All new roads are constructed with storm water drainage and the Municipality aims to construct a minimum of 500m of storm water pipes annually to address the backlog. This is achievable with an adequate budget allowance and support from Council.

In the 2017/18 financial year, several storm water projects were undertaken to address backlogs, as well as alleviate poverty by job creation through utilisation of labour constructive methods as part of the EPWP. In Bredasdorp we have constructed a storm water canal using gabions as a labour-base method and the project was funded by MIG.

- **Service delivery highlights for 2017/18**
  - Stormwater canal for the 1:100 year flood line
- **Service delivery challenges for 2017/18**

- Insufficient financial resources

#### b) Service statistics

The table below shows the total kilometres of storm water maintained and upgraded as well as the kilometres of new storm water pipes installed:

TABLE 125 STORMWATER INFRASTRUCTURE

YEAR KM	TOTAL STORM WATER MEASURES KM	NEW STORM WATER MEASURES KM	STORM WATER MEASURES UPGRADED KM	STORM WATER MEASURES MAINTAINED KM
2016/17	77.8	1.5	0.9	79.3
2017/18	79.3	2.59	0.4	81.89

TABLE 126 STORM WATER INFRASTRUCTURE COST

YEAR	STORM WATER MEASURES		
	NEW (R'ooo)	UPGRADED (R'ooo)	MAINTAINED (R'ooo)
2016/17	1 560	820	710
2017/18	1900	970	800

#### c) Human resources

A single team is used for both the roads and storm water functions.

#### d) Financial performance: Capital expenditure

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Storm Water Master plan - Struisbaai	200 000	200 000	56 651.65	-72%	-72%
Stormwater Master plan - Bredasdorp	100 000	100 000	76 750.00	-23%	-23%
Stormwater Master plan- Agulhas	200 000	200 000	87 087.91	-56%	-56%
Stormwater pipeline - Area F	5 184 185	5 798 221	5 798 221.00	12%	0%
<b>TOTAL</b>	<b>5 684 185.00</b>	<b>6 298 221.00</b>	<b>6 018 710.56</b>	<b>6%</b>	<b>-4%</b>

### 3.9 COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT

This component includes integrated development planning, spatial planning, building control and local economic development.

#### 3.9.1 INTEGRATED DEVELOPMENT PLANNING

##### a) Introduction to Integrated development planning

Integrated development planning is a process through which municipalities prepare their strategic plan, which is known as an Integrated Development Plan (IDP), which covers a five-year period. The IDP is the principal strategic planning instrument, which guides and informs all planning, budgeting, management and decision-making processes in a municipality.

##### ▪ New five-year Integrated Development Plan 2017/18 – 2012/22

Section 25 of the Municipal Systems Act requires that “each Municipal Council to adopt a single, inclusive and strategic plan for the development of the Municipality within a prescribed period after the start of its elected term”.

Section 28 requires that “each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan”.

IDP’s for the term of office of municipal councils that commenced in 2016 are referred to as a 4<sup>th</sup> generation IDP because it is the 4<sup>th</sup> IDP done by municipalities since promulgation of the Municipal Systems Act in 2000. The essence of the 3<sup>rd</sup> generation IDP that also applies to the 4<sup>th</sup> generation IDP is that it is a: “Single window of co-ordination” for:

- Internal relationships within municipalities;
- Relationships between local and district municipalities, neighbouring municipalities and other spheres of government;
- Relationships between local municipalities, other key stakeholders and the broader community.

The IDP was developed in accordance with a Process Plan and Time Schedule of Key Deadlines was approved by the new Council on 30 August 2016 (Resolution 176/2016), and the new five year IDP (2017/18 – 2012/22) was approved on 31 May 2016 (Resolution 105/2016).

In order to give effect to this, the IDP identifies and prioritises Municipal and Community needs and integrates them into a singular local level plan, which indicates how resources will be allocated to addressing these needs over the five-year cycle of the IDP. The IDP also identifies critical development needs which fall within the functional mandate of the Overberg District Municipality, and other spheres of Government and indicates how these needs will be addressed in the short, medium and long term and how they align to municipal planning.

While the idea behind integrated development plans is to build up a comprehensive integrated plan, municipalities cannot plan everything in detail in the first year. Rather, Integrated Development Plans should empower municipalities to prioritise and strategically focus their activities and resources. An attempt to plan

too comprehensively may result in unrealistic plans that lack the human and financial resources for implementation.

#### ▪ IDP Assessment

In terms of the provisions of the Local Government: Municipal Systems Act, 2000 municipality should submit a copy of the Council approved IDP to the MEC for Local Government in the province. The MEC is tasked by legislation to assess the IDP and give comment on its alignment to government programme. The MEC comments have largely provided guidance on the preparation of the IDP.

#### ▪ First Review of the Integrated Development Plan

The first review of the 2017/18 - 2021/22 IDP took place during the financial year under review.

The IDP is reviewed annually in accordance with an assessment of its performance measurements and to the extent, that changing circumstances demand. The review process serves as an institutional learning process whereby stakeholders can meet to discuss the performance of the past year. The review is not a replacement of the 5-year IDP, nor is it meant to interfere with the long-term strategic direction of the Municipality to accommodate new whims and additional demands.

As prescribed by Section 34 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the following is legislated:

34. Annual review and amendment of integrated development plan.

*“A municipal council –*

*(a) must review its integrated development plan –*

*(i) annually in accordance with an assessment of its performance measurements in terms of section 41; and*

*(ii) to the extent that changing circumstances so demand; and*

*(b) may amend its integrated development plan in accordance with a prescribed process.”*

The municipality developed an IDP & Budget Time Schedule, which serves as a “plan to plan” for the first review of the 5 year IDP of Cape Agulhas Municipality. It was adopted by Council on 28 August 2017 with resolution number 147/2017 and contains clear deliverables and specific timeframes. The purpose of the time schedule is to indicate and manage the planned activities and strategies that the municipality will follow to review the IDP.

It also co-ordinates the planning cycle between other strategic processes within the municipality such as the budget, SDBIP and the Annual Report of the municipality. Furthermore, this time schedule facilitates improved co-ordination with the planning cycles of other spheres of government. It also identifies key role players such as the local communities, ward committees and other key municipal stakeholders that must be involved in the review of the IDP through an extensive public participation process. This enhances the credibility of the review process and enables the municipality to undertake development plans and render services that are more responsive to the needs and conditions of local communities.

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### 3.9.2 SPATIAL PLANNING

#### a) Introduction to spatial planning

Spatial planning is the responsibility of the Town and Regional Planning section, which is mandated to manage the spatial planning of various land uses such as industrial, institutional, residential and business. The section has three main sub-sections namely: Town Planning, GIS and Environmental Management.

The Town Planning Section oversees:

- Town Planning services i.e. provision of zoning information and processing of various land use applications i.e. rezoning applications.
- Development Enforcement: Enforcement of town planning scheme rules – prosecution of illegal land uses.
- Effective service delivery and networking with the public;
- Issuing zoning certificates, information, business licences;
- Site inspections;
- Dealing with complaints;
- Application considerations;
- Town planning and environmental workshops;

Spatial Planning is central to the development and promotion of an integrated Municipal Area. The Municipality is committed to addressing spatial injustices and ensuring development of vibrant, resilient and sustainable urban and rural areas.

#### ▪ **Implementation of SPLUMA**

The Municipality is currently implementing the Spatial Planning and Land Use Management Act (SPLUMA), Act No. 16 of 2013. Section 156(2) of the Constitution, gives municipalities the right to make by-laws for the matters which they have the right to administer, in this case “municipal planning” as set out in Schedule 4 B of the Constitution, read together with section 11(3)(e) and (m) of the MSA. A Land Use Planning By-Law was gazetted in terms of SPLUMA, which was implemented from the date of promulgation. This by-law is regarded as compliant with the Constitution, SPLUMA, LUPA, Municipal Systems Act and other legislation.

The Municipality has appointed an Authorised Official and successfully constituted its Municipal Planning Tribunal (MPT) and Municipal Appeal Tribunal (MAT), which deals with land use applications and application appeals respectively. This includes applications for rezoning, removal/suspension of restrictive conditions, township establishments, etc. The turnaround time for processing of land use applications has been expedited through this process.

#### ▪ **Spatial Development Framework (SDF)**

Section 26 of the Municipal Systems Act as well as Section 20 of the Spatial Planning and Land Use Management Act require each municipality to have a Spatial Development Framework.

The SDF is one of the core components of the Municipal IDP and gives spatial effect to the vision, goals and objectives of the new 2017/18 – 2022/22 IDP. It indicates spatially the long-term growth and development of the Municipality and co-ordinates the spatial implications of all strategic sector plans (engineering, transport, economic, housing, community services, etc.).

A new Spatial Development Framework was compiled concurrently with the 2017/18 – 2021/22 Integrated Development Plan, which complies with SPLUMA as well as the principles of the National Development Plan (NDP). The SDF was approved on 30 May 2017 (Resolution 103/2017), and will guide the future spatial development of the Municipal Area.

Decreasing poverty and inequality is intrinsic in the way the SDF has been designed – communities will be closer to new and improved levels of housing, commercial and industrial areas and a chance to be walking distance from jobs, nature and urban agriculture. The SDF identifies areas where the following is needed:

- integration and restructuring
  - economic growth and investment opportunities and social investment
  - Infill and densification;
  - Future development;
  - Development corridors

It also identifies areas with existing infrastructure capacity to support integration, densification, as a way of ensuring sustainable development.

▪ **Service delivery highlights for 2017/18**

- The development of the Struisbaai Industrial area was approved. These erven will be made available through a public process.
- Various guest accommodation and business applications have been considered favourably.

▪ **Service delivery challenges for 2017/18**

- Identifying areas that need to be protected. These include natural, heritage and environmental key assets as well as agricultural and rural assets;
- Identifying areas with no infrastructure capacity for sustainable development.
- Environmental issues are not dealt with an Environmentalist, though consultants are appointed to assist with Environmental processes.
- The erosion of Roman Beach keep on being a challenge to dealt with.
- Illegal house shops and shebeens create social problems and even regular raids / joint operations are not effective.

**b) Service statistics**

TABLE 127 APPLICATIONS FOR LAND USE DEVELOPMENT

DESCRIPTION	FORMALIZATION OF TOWNSHIPS		REZONING		AUTHORISED OFFICIAL		PLANNING APPEAL COMMITTEE: MAYOR		MUNICIPAL PLANNING TRIBUNAL MPT	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Planning applications received	0	0	20	24	88	127	6	2	3	0
Decisions made in year of receipt	0	0	16	24	71	127	6	0	0	0
Decisions made in following year	0	0	0	5	0	8	0	2	0	3
Applications withdrawn	0	0	0	0	0	0	0	0	0	0
Applications outstanding at year end	0	0	4	5	25	8	2	1	3	0

**c) Human resources**

TABLE 128 EMPLOYEES SPATIAL PLANNING

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	1	0	0	0	0.00%
04 - 08	0	0	0	0	0.00%
09 - 13	1	1	1	0	0.00%
14 - 18	3	3	3	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0.00%</b>

**d) Financial performance: Capital expenditure**

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Tablets (OVIOO System updating)	12 600	-	-	-100%	-
<b>TOTAL</b>	<b>12 600.00</b>	<b>-</b>	<b>-</b>	<b>-100%</b>	<b>-</b>

### 3.9.3 BUILDING CONTROL

**a) Introduction to Building Control**

The Building Control Department resorts within the Infrastructure Services Directorate of the Municipality. Building Control is integral to the generation of revenue for the municipality, through valuations and planning fees. A seamless process for considering building plans is a foundation for local economic development.

The mandate of the department is to ensure implementation of the National Building Regulations and Standards Act Air Quality Control and Noise Management, which in turn ensures a safe and healthy environment.

The functions of the Building Control Department are:

- Networking with the public and provide info.
- Providing recommendations on plans, specifications and documents and to receive instructions in terms of the NBR and perform them on behalf of the Local Authority and take care of related matters and Legislation.
- Every building plan passes through a clearly structured sequence of well-defined milestones from the receipt of the application right through to the verdict of approval or rejection.
- Address illegal building work and signage and issuing the necessary notices for legal action.
- Building inspections as prescribed.
- Handling of correspondence and dealing with complaints.
- Issuing of occupancy certificates
- Dust control.

The BCO is the local representative of the building industry, but equally represent the NBR as an enforcement officer on behalf of the minister who is responsible for the Act. Building control insure that all buildings comply with the NBR.

▪ **Service delivery highlights for 2017/18**

- Systems work well for the approval of building plans;
- Staff are knowledgeable;
- Tasks are completed within the prescribed time framework;
- Complaints are dealt with immediately;
- Legal requirements and processes are adhered to;
- Compliance to the Air Quality Management plan for CAM;
- Noise Control is implemented;
- Assisting the public with building plans where they cannot afford architects;
- Doing site visits and giving advice in terms of building work;
- Annual bathroom projects – provide bathrooms for very sick and old people;
- Participation in the following forums:
  - o Member of the LGSETA (QCTO) working group developing Occupational Qualification for Building Inspectors ;
  - o Member of the National Steering Committee for Building Control SA;
  - o Regional Tourism Liaison Committee (RTLCL)
  - o Overberg Planning Forum;
  - o Overberg Air Quality Control Forum;
  - o Noise Control Forum;
  - o Legislative Task Team Forum;
    - o Provincial Air Quality and Noise Management Forum;
    - o Member of the National Association for clean Air.(NACA)

▪ **Service delivery challenges for 2017/18**

Illegal building operations

**b) Service statistics**

**TABLE 129 BUILDING PLANS APPROVED**

YEAR	TOTAL	PLANS APPROVED
2008/2009	R251 164 845	400
2009/2010	R165 729 000	586
2010/2011	R134 658 000	401
2011/2012	R124 133 000	403
2012/2013	R124 259 000	354
2013/2014	R111 617 000	318
2014/2015	R258 951 700	468
2015/2016	R284 428 000	364
2016/2017	R353 503 000	446
<b>2017/2018</b>	<b>R346 160 202</b>	<b>428</b>

**TABLE 130 VALUE OF BUILDING PLANS**

YEAR	TOTAL VALUS	RESIDENTIAL	BUSINESS / INDUSTRIAL	PLANS APPROVED
2008/2009	R251 164 845	384	16	400
2009/2010	R165 729 000	575	11	586
2010/2011	R134 658 000	386	15	401
2011/2012	R124 133 000	387	16	403
2012/2013	R124 259 000	347	7	354
2013/2014	R111 617 000	308	10	318



2014/2015	R258 951 700	457	11	468
2015/2016	R284 428 000	352	12	364
2016/2017	R353 503 000	432	14	446
<b>2017/2018</b>	<b>R346 160 202</b>	<b>428</b>	<b>0</b>	<b>428</b>

**a) Human resources**

**TABLE 131 EMPLOYEES BUILDING CONTROL**

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	0	0	0	0	0.00%
04 - 08	4	4	3	1	25.00%
09 - 13	1	1	1	0	0.00%
14 - 18	0	0	0	0	0.00%
18 - 20	6	5	4	1	20.00%
TOTAL	0	0	0	0	0.00%

**b) Financial performance: Capital expenditure**

None

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### **3.9.4 LOCAL ECONOMIC DEVELOPMENT**

**a) Introduction to local economic development**

The purpose of LED is to improve the vibrancy and sustainability of local economies, which will ultimately lead to better living conditions for the majority of the population. LED is not about direct projects with the poor, but more about recognising the scale of this impact by business on poverty levels, and making this even greater. Working directly with the poor is also important but is called social development, not to be confused with economic development.

The role of the Municipality is to facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy. Government can obviously not plan or implement LED effectively if the private sector, who is the key driver of a local economy, is not included in such development processes.

**b) LED Strategy**

The Municipal Council approved a revised LED Strategy on 27 June 2017. This strategy focuses on initiatives that can be achieved within the short to medium term and is in essence a consolidation of the 2013 revision updated with other internal and external strategic processes, initiatives and programmes relating to economic development. During 2017/18, this strategy was again revised and specific focus placed on implementation.

During the year under review, there was a significant shift to regional economic development. The Overberg District Municipality commenced the process of developing a Regional Economic Development Strategy (RED), and the Municipality participated in this process.

**c) LED initiatives and job creation**

The primary role of local government is to create a climate that is conducive to local economic development. The Municipality does however seek to create work opportunities wherever it can and the main ways in which the Municipality does this is:

- The Expanded Public Works Programme (EPWP) and Community Works Programme
  - This is a government programme aimed at the alleviation of poverty and unemployment. The programme aims to increase economic growth by improving skills levels through education and training. It also aims to provide an enabling environment for industry to flourish.
- Entrepreneurship development
  - SMME's /Co-operatives. enterprise support and development which is done in partnership with other stakeholders e.g. SEFA, SEDA, DOA, Casidra and DRD&LR
- **Job creation through EPWP projects**

TABLE 132 JOBS CREATED THROUGH EPWP PROJECTS

YEAR	EPWP PROJECTS NO	JOBS CREATED THROUGH EPWP PROJECTS NO	JOBS CREATED THROUGH FTE'S NO
2014/15	62	447	65
2015/16	38	216	44
2016/17	20	371	52
2017/18	42	673	118

The Cape Agulhas Municipality was allocated a grant of R 1 131 000.00 which was fully spent.

#### ▪ Entrepreneurship Development

The following registrations were done during 2017/18

TABLE 133 ENTREPRENEUR DEVELOPMENT

REGISTRATIONS	2016/17	2017/18
Co-operatives registered	9	5
Companies registered	26	17
SARS related matters	170	113
CIDB	8	7
COIDA	9	20
UIF	16	41
Supplier data bases	120	83
National Credit Regulator	1	0
Access to finance through CASIDRA	2	4

#### d) Rural development programmes

##### ▪ Comprehensive Rural Development Programme (CRDP)

Cape Agulhas Municipality works with the Department of Rural Development and Land Reform and Department of Agriculture on the implementation of interventions to uplift the livelihood of rural communities through various development programme. The programme covers the rural towns of Arniston and Struisbaai as development nodes. These programmes include developing rural

infrastructure, facilitating access to land for community gardens, providing support to emerging farmers, facilitating integrated development and social cohesion. The overall objective of the programme is also to address skewed ownership patterns of distribution of wealth and ownership of wealth and assets.

Over the past year, the Municipality has participated in an established Intergovernmental Steering Committee (ISC) to ensure smooth coordination of all development initiatives by various stakeholders and departments. Through the Steering Committee, many development projects have been identified for implementation this financial year and others are in various stages of completion. These projects include road rehabilitation, provision of fish farming equipment to support the fishing communities. The municipality plays a central role in assisting these fish farming communities to register cooperatives and train them as legal entities. We have also revived and empowered the Council of Stakeholders, a community non-profit organisation whose responsibility is to ensure community participation and monitoring in all development initiatives to empower the Council.

- **Napier Small Town Regeneration Strategy**

The Municipality is also involved in a partnership initiative with South African Local Government Association to implement a Small Towns Regeneration programme in Napier. The programme is also aimed at coordinating development initiatives and mobilising resources for the development and beatification of the town and its people. The programme is coordinated through a Steering Committee, which serves as a link between the Municipality and the community. This initiative has identified projects, which need funding for implementation. Some of these projects are now part of the municipality's integrated development plan and budget processes. A farmer's support project, namely a pack shed is almost at the completion stage. This project is funded by the Department of Rural Development and Land Reform to support the local emerging farmers' cooperative operating in the area. The Municipality together with the Steering Committee has identified a potential of starting a Clothing Factory, It is now busy facilitating the registration of a non-profit making entity that will run the factory.

- **Agri- Parks**

The Municipality is also involved in the implementation of Agri-Parks programme, which is a district programme. The Municipality has earmarked land as a site for Agri-Parks initiative and projects. It also participates in the intergovernmental structure, the District Agri-parks Joint Operation Centre whose role is to coordinate and monitor the implementation of the programme across various municipalities within the district. The Agri-Parks programme is a national programme led by the Department of Rural Development and Land Reform, and the Department of Agriculture. The programme is aimed at reigniting Rural Economic Transformation in identified districts across the country. It is aimed at networking innovation systems of agro-production, processing, logistics, marketing, extension services and training within a district. The programme consists of three basic focus areas or units, which are Farmers Production Support, Agri-Hubs, and Rural Urban Marketing Centres. The future of the programme within the Province is uncertain at this stage, but as a Municipality, we have been and will remain involved.

- **Agricultural projects on municipal land**

The Municipality has made available pockets of communal land, which it owns to various emerging farmers groups who are organised into cooperatives. This process has assisted them to leverage support from the Department of Agriculture who provides them with farming equipment etc. Although sustainability of our emerging farmers remains a challenge, some are doing very well and can be counted as success stories to learn from. These include Napier Health Gro Vegetable Gardens, Amqhawwe Farmers' Cooperative and Isivuno, Farmers Cooperative.

**e) Other programmes and initiatives**

- The first “ Southern tip of Africa” Street Market were held on 1 July 2017. The event was very successful with positive feedback received from the community.
- The Municipality is part of the Fishing Harbours Development Programme of the Department of Public Works and Transport. During the year, the Municipality participated in a Small Harbours Investment conference, which gave us the opportunity to highlight the investment potential of our fishing harbours and surrounding areas.
- The Municipality successfully applied to participate in the Regional Socio Economic Programme (RSEP) and a grant of R4 000 000.00 has been approved for implementation of the project over three years commencing in 2018/19. Identification and planning for the project commenced in 2017/18. The redevelopment of the Ou Meule Street precinct was identified as the project that will be implemented.

**f) Tourism**

Cape Agulhas Tourism (CAT) managed the tourism function on behalf of the Cape Agulhas Municipality. The Municipality provided them with a grant to the amount of R900 900.00 to cover their operational costs during the 2017/18 financial year. The grant was fully spent.

During the year under review, the Municipality reviewed the manner in which tourism was managed, and a decision was taken by council to include tourism as a line function of Cape Agulhas Municipality with effect from 2018/19. In terms of this decision, tourism officials now fall under the direct supervision of the municipality and the lease agreement for the tourism office has been ceded to Cape Agulhas Municipality. The above resolution was accepted in view of a more developmental role that the Municipality envisions for local tourism, within the context of our local economic development framework.

**3.10 COMPONENT D: COMMUNITY AND SOCIAL SERVICES**

This component includes libraries, cemeteries and human development.

**3.10.1 LIBRARIES****a) Introduction to libraries**

The Municipal Library Service consists of nine libraries. Internet is available in seven of the libraries. The usage of internet facilities is free and costs are covered by the Provincial Library Services. The two libraries that do not have internet, namely Elim and Struisbaai have access to the Cape Access Programme.

**TABLE 134 MUNICIPAL LIBRARIES**

TOWN	NO	LIBRARIES
Bredasdorp	2	Main and Welverdiend Libraries
Napier	2	Napier Library and Nuwerus Libraries
Struisbaai	1	Struisbaai Library
Arniston / Waenhuiskrans	1	Arniston / Waenhuiskrans Library
Protem	1	Protem Library
Klipdale	1	Klipdale Library
Elim	1	Elim Library

Libraries are an important community service because there are limited recreational facilities in the various towns. Services are provided to old age homes and service centres for the elderly and the libraries are used extensively by school learners. We also assist school libraries with their limited collections through the outreach to Education Connection.

▪ **Service delivery highlights for 2017/18**

- Security at the Arniston Library was improved through the erection of a spiked fence at the front of the building. This ensures the safety and security of council's property and employees.
- Written confirmation was received from the Department of Cultural Affairs and Sport that they will provide conditional grant funding to set up a modular library for Elim in the 2018/19 financial year.

▪ **Service delivery challenges for 2017/18**

- The Provincial book budget has been severely cut, but despite this, the libraries still render an excellent service.

**b) Service statistics****TABLE 135 SERVICE STATISTICS FOR LIBRARIES**

TYPE OF SERVICE	2016/17	2017/18
Library members	11315	10440
Books circulated	182274	11315
Exhibitions held	198	220
Internet users	8786	6637
Children programmes	97	12

Visits by school groups	11	26
Book group meetings for adults	16	20
Primary and Secondary book education sessions	29	29

There is a marked decline in both membership and book circulation, which is a Province wide phenomenon, believed to be attributable to the increasing use of technology to obtain reading material.

### c) Human resources

TABLE 136 EMPLOYEES: LIBRARIES

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	1	1	0	1	100.00%
04 - 08	9	9	9	0	0.00%
09 - 13	3	3	3	0	0.00%
14 - 18	0	0	0	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>13</b>	<b>13</b>	<b>12</b>	<b>1</b>	<b>7.69%</b>

### c) Financial performance: Capital expenditure

TABLE 137 CAPITAL EXPENDITURE: LIBRARIES

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Swing door (counter) - Bredasdorp	4 000	1 600	745.61	-81%	-53%
Fencing - Arniston	127 400	158 400	158 400.00	24%	0%
Safety gates - Arniston	10 000	5 100	5 100.00	-49%	0%
Safety gate - Klipdale	5 000	3 700	3 700.00	-26%	0%
Safety gate – Front porch - Napier	12 500	9 910	9 900.77	-21%	0%
Laminating Machine	2 600	1 680	1 677.00	-36%	0%
Safety gates - Bredasdorp	-	6 000	3 697.00	–	-38%
Front Door - Proteem Library	-	10 000	9 900.77	–	-1%
Air Conditioners - Welverdiend Library	-	40 000	35 012.17	–	-12%
<b>TOTAL</b>	<b>161 500.00</b>	<b>236 390.00</b>	<b>228 133.32</b>	<b>41%</b>	<b>–</b>

## 3.10.2 CEMETERIES

### a) Introduction to cemeteries

The Municipality has eight cemeteries within its Municipal Area.

TOWN / AREA	NUMBER
Bredasdorp	1
Struisbaai	2
Napier	1
Waenhuiskrans	1
Protem	1
Klipdale	1
Bredasdorp	1

- **Service delivery highlights for 2017/18**
  - Expansion of the Bredasdorp cemetery
- **Service delivery challenges for 2017/18**
  - Vandalism and theft

#### b) Service statistics

TABLE 138 SERVICE STATISTICS FOR CEMETERIES

TYPE OF SERVICE	2016/17	2017/18
Pauper burials	5	7
Ordinary burials	108	151

#### c) Human resources

There are no specific positions assigned to the cemeteries. Cemetery maintenance is done by a singular team of workers who are responsible for community parks and sport and recreation facilities.

#### d) Financial performance: Capital expenditure

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Fencing Grading of new road - New Bredasdorp cemetery	120 000	120 000	101 522.72	-15%	-15%
<b>TOTAL</b>	<b>120 000.00</b>	<b>120 000.00</b>	<b>101 522.72</b>	<b>-15%</b>	<b>–</b>

### 3.10.3 HUMAN DEVELOPMENT

#### a) Introduction to human development

Our Human Development vision is to develop a self-reliant society through a comprehensive network of human development partners that will enable and empower the poor, the vulnerable and those with special needs. Human Development is an important component in each individual and is regarded as a planned change process, designed to promote the human well-being of the population (community) together with economic development.

It is a pro-poor strategy that is based on a people centred approach to enhance development and it promotes citizen participation in development. It also aims to promote the voice of the less fortunate in decision-making and in building democratic and accountable institutions to achieve social and economic justice, human rights, social solidarity and active citizenship.

▪ **Service delivery highlights for 2017/18**

- Youth Employment
  - Appointed 4 youth to implement youth development programmes on EPWP for the 2017/2018 financial year
- Facilitation of sport development opportunities
  - The Department facilitated opportunities for the sporting community to compete at Provincial and National level
- Established 7 soup kitchens
  - Facilitated the implementation and monitoring of the 7 soup kitchens in the Municipal Area during the winter season
- Youth development Programmes
  - Established a functional Junior Town Council
- Implemented the annual youth camp with grade 7 learners from the rural areas.
  - Leadership programmes were implemented to enhance the confidence levels amongst the youth
  - Personal development program for peer educators at SANPARKS.

▪ **Service delivery challenges for 2017/18**

- A lack of volunteers to facilitate programs in all wards
  - We need additional human capacity to assist with after school sport and recreation programmes in all the wards to ensure acceleration and sustainability of the programmes.
- Resources to enhance the implementation of human development activities
  - The Department has to partner with stakeholders with similar objectives to implement sustainable programmes.
  - Public open spaces need to be environmentally safe so that they can be utilized for sport and recreation activities
  - Sport facilities need to be accessible and affordable for sport and recreation activities
  - Infrastructure at community halls to be more user friendly for indoor sport activities

**b) Service Statistics**

**TABLE 139 SERVICE STATISTICS FOR HUMAN DEVELOPMENT PROGRAMMES**

ACTIVITY	2016/2017	2017/18
Soup kitchens established or supported	7	7
Youngsters educated and empowered	<ul style="list-style-type: none"> <li>- Established a functional Junior Town Council</li> <li>- Distribution of information for employment and study opportunities distributed amongst the youth</li> <li>- Conducted two Youth Leadership camps</li> </ul>	<ul style="list-style-type: none"> <li>- Established a functional Junior Town Council</li> <li>- Distribution of information for employment and study opportunities distributed amongst the youth</li> <li>- Conducted two Youth Leadership camps</li> </ul>



	- Facilitated the process for six sports clubs to be enrolled on a 3year club development process	
Initiatives to increase awareness on disability	- Supported two events for the disabled community	- Supported two events for the disabled community
Initiatives to increase awareness on women	<ul style="list-style-type: none"> <li>- Conducted two women empowerment camps with positive impact</li> <li>- Participated in the 16 days of activism programme against no violence against women and children</li> <li>- Participated in the Women Symposium, which was held for women from all spheres within the Cape Agulhas area.</li> </ul>	<ul style="list-style-type: none"> <li>- Conducted two women empowerment camps with positive impact</li> <li>- Participated in the 16 days of activism programme against no violence against women and children</li> </ul>
Initiatives to increase awareness on HIV/AIDS	- World Aids Day event	- World Aids Day event
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	- Drug awareness campaign with stakeholders during June	- Drug awareness campaign with stakeholders during June
Special events hosted	<ul style="list-style-type: none"> <li>- National Day for the Aged</li> <li>- Youth Day</li> <li>- World AIDS Day</li> <li>- 16 days of activism against women</li> </ul>	<ul style="list-style-type: none"> <li>- National Day for the Aged</li> <li>- Youth Day</li> <li>- World AIDS Day</li> <li>- 16 days of activism against women</li> </ul>

### c) Human resources

TABLE 140 EMPLOYEES: HUMAN DEVELOPMENT

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	0	0	0	0	0.00%
04 - 08	0	1	1	0	0.00%
09 - 13	4	4	4	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0.00%</b>

### d) Financial performance: Capital expenditure

TABLE 141 CAPITAL EXPENDITURE: HUMAN DEVELOPMENT

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Microwave / Urn / Stove / Vacuum cleaner	11 500	6 700	6 364.95	-45%	-5%
Food preparation surface (kitchen)	10 000	-	-	-100%	-

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Thusong Centre		-	661 088.10	-	-
<b>TOTAL</b>	<b>21 500.00</b>	<b>6 700.00</b>	<b>667 453.05</b>	<b>3004%</b>	<b>-</b>

### 3.11 COMPONENT E: ENVIRONMENTAL PROTECTION

The Environment is a concurrent National and Provincial competency in terms of Part A of Schedule 4, of the Constitution. The Municipal Systems Act requires municipalities to work together with other organs of state to ensure environmental sustainability. This component includes: air and noise quality control; biodiversity coastal protection and climate change, which are all programmes done in co-operation with other organs of state.

DEADP has finalised a Municipal Environmental Profile for Overberg District Municipality and the document has been given to the District for dissemination to local municipalities. The Municipal Profile provides an overview of the current environmental status quo and current challenges within Overberg District Municipality. The intention of the profile is to deepen awareness of environmental aspects within the District in order to highlight key considerations for future development planning. It covers the following thematic areas: Environmental Management Governance; Environmental Programmes; Biodiversity; Waste Management; Air Quality; Climate Risk and Vulnerability; and Climate Change Mitigation).

#### 3.11.1 AIR QUALITY CONTROL

##### a) Introduction to air quality control

The Constitution defines air pollution as an executive role of local government. This imposes responsibilities on local municipalities in terms of building capacity, to ensure monitoring and enforcement of air pollution.

The National Environment Management: Air Quality Act, 2004 (Act no. 30 of 2004) was promulgated in 2004. Municipalities have a number of duties in terms of this legislation including:

- Develop an Air Quality Management Plan (AQMP) for inclusion in the Municipality's IDP; and
- To ensure the effective and consistent implementation of sustainable Air Quality management practices by all spheres of government, relevant stake holders and the civil society to progressively and efficiently maintain clean and healthy air in CAM.
- Make sure that all tasks are performed in accordance with the relevant laws.
- Attend all local and provincial forums and meetings, give feedback reports and on community meetings in this regard.

Building Control are responsible for Air Quality at CAM. The Municipality has appointed an Air Quality Officer, as well as an assistant. An Air Quality Management Plan and by-law has been developed and approved by Council. The Air Quality Officer attends the Provincial and District Air Quality Forums as required and we provide information and inputs to the Western Cape State of Air Report.

##### ▪ Service delivery highlights for 2017/18

- Francois du Toit and Patrick Pietersen successfully completed the training in Air Quality Monitoring
- Patrick Pietersen also successfully completed the Ambient Emission Monitoring training course. They did receive their certificates.
- Air Quality awareness banners was made.

##### ▪ Service delivery challenges for 2017/18

- To implement awareness raising and education program for local schools.

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### 3.11.2 NOISE CONTROL

#### a) Introduction to noise control

The Environment Conservation Act, 1989 Western Cape Noise Regulations was promulgated in 2013. The Municipality has to ensure compliance with the Noise Regulations for the Western Cape in accordance with the relevant laws.

Building Control is responsible for Noise Control, and work jointly with the ODM. They also attend meetings, handle complaints and enforcement and attend all relevant noise control training.

#### ▪ Service delivery highlights for 2017/18

- Francois du Toit and Patrick Pietersen both successfully completed the course in Environmental Noise and Traffic Noise Control Management (Regulatory) and received their certificates.

#### ▪ Service delivery challenges for 2017/18

- Awareness raising
- Education at local schools for noise control.

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### 3.11.3 BIO-DIVERSITY AND LANDSCAPE

Biodiversity refers to genus and species (animals and plants), ecosystems, and landscape and the ecological and evolutionary processes that allow these elements of biodiversity to exist.

The Department of Environmental Affairs and Tourism prepared the National Biodiversity Strategy and Action Plan (NBSAP) "... to develop a plan of action for the conservation and sustainable use of the country biological diversity". During the NBSAP preparation, the National Biodiversity Implementation Plan identified objectives, outcomes, and activities required the NBSAP to achieve its goals.

The Critical Biodiversity Areas (CBA) of the Overberg District Municipality report was prepared in April 2010, and indicates the CBA's for the district. These include protected areas, critical biodiversity areas and ecological support areas. The report indicated that the southern part of the Municipal Area contains an important mosaic of CBA's, and the northern part, the Runes Agricultural Area, contains some Renosterveld remnants identified as CBA's. There is a need to have these critical biodiversity areas mapped and appropriate guidelines developed to guide conservation thereof.

During the year under review, the Municipality spent an amount of R60 000.00 for alien clearing and maintenance of roads and mountain bike trails on the Heuningberg Reserve.

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### 3.11.4 COASTAL PROTECTION

The Cape Agulhas Coast has several large bays of which 43% are sandy beaches, 39% rocky and 18% wave cut rocky platforms. A few of these beaches have been identified as susceptible to sea level rise due to climate change. The De Hoop Nature Reserve has about 50 km of protected coastline.

The Integrated Coastal Management Programme (ICMP) for the Western Cape in 2003 was prepared in terms of the Coastal Zone Management Bill and the Coastal Zone Policy. The objectives of the CMP are to “...facilitate improved planning of coastal resources as well as allow for better targeted investment from government and non-government organisations to support sustainable coastal development”.

Consultants were appointed in 2012/13 to draft the Coastal Management Programme for the Overberg District Municipality over a three-year period.

The scope of the Overberg CMP includes:

- Inception Report
- Situation Analysis
- Coastal Management Programme
- Public participation
- Draft Coastal Management By Laws

The Coastal Management Programme was concluded in May 2016 with the inclusion of inputs from interested and affected parties.

The consultants were instructed to draw up an overarching Coastal Management Programme for the Overberg District Municipality as well as specific Coastal Management Programmes focusing on implementation for each of the three Local Municipalities of Cape Agulhas, Swellendam and Overstrand.

The Coastal Management Programme with the specific Coastal Management Programmes was made available during the final public commenting period from 1 December 2015 until 05 February 2016. Prior to releasing the documents to the public for comments, each coastal municipality was given the opportunity to submit comments on their specific Coastal Management Programme.

- a) An interim funding mechanism that is currently being used to assist with implementation is the Working for the Coast Programme. Unfortunately, this funding is allocated to an implementer and not the ODM, which will leave the municipality with little control over the channelling of funding and the addressing of priorities.
- b) The ODM awaits the outcome of the Legal Protocol that is being prepared “*Defining the role of Local Government in Environmental Management and establishing the cost of performing environmental management functions*” (prepared on behalf of DEA and SALGA) will give much needed clarity on Environmental Management and its scope of work together with the cost to provide this cross cutting function, which includes coastal management.

The Suiderstrand Slipway was listed by MEC: Local Government, Environmental Affairs and Development Planning, Anton Bredell, as an official Public Launch Site and Cape Agulhas Municipality identified as the responsible Management Body, in Provincial Gazette 7410, Provincial Notice 193/2015, on 26 June 2015. The users of this site must comply with the provisions of the general duty of care principle and the remediation stipulated in terms of section 28 of the National Environmental Management Act, 1998 (Act No. 107 of 1998), the provisions of the National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008) as well as all other relevant legislation.

During the year, environmental authorisation was granted in terms of Regulation 25 of the Environmental Impact Assessment Regulations, 2014 for the repair, maintenance and upgrade of the existing infrastructure

and the development of an access road at the Struisbaai Fishing Harbour situated in the Western Cape Province.

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### 3.11.5 CLIMATE CHANGE

There is a need for mainstreaming climate change, specifically the green economy and low carbon transition. The green economy has potential benefits for job creation and reducing poverty through projects aimed at reducing carbon emissions, such as energy efficiency and the Kyoto Protocol's Clean Development Mechanism, while still fulfilling our responsibilities on environmental stewardship and climate change.

Climate Change response and Air Quality are closely linked. The problem itself is not new, but the complexity has compounded and has become much more intense and that can be seen in CAM and the Overberg.

At this stage, the exact magnitude of Climate Change is largely unknown, but it is reasonably foreseeable that the following changes may and are already occurring in Cape Agulhas:

- Longer dry periods between rainfall events.
- Shifts in seasonality.
- Change of weather patterns.
- Rise in sea levels such as those seen at Struisbaai. The Cape Agulhas coast has several areas that have been identified as being susceptible to sea level rise due to climate change.

All this puts food security in danger, although wheat and grain production in the Overberg is likely to be less effected by global climate change than other production areas.

Cape Agulhas Municipality is working together with all relevant Provincial and National departments, to develop a Climate Change Response strategy/framework for the Overberg. This will help improve planning for climate change adoption and work together to a more sustainable future for Cape Agulhas in the Overberg. Awareness raising, outreach and education programmes on Climate Change must be put in place in the Overberg.

The Department of Environmental Affairs in collaboration with the South African National Biodiversity Institute (SANBI) has also developed a Strategic Framework and Overarching Implementation Plan for EbA (i.e. the EbA Strategy) in 2015. The Strategy is aimed at implementing a programme of activities that will enhance the resilience of ecosystems and communities to adapt to the adverse effects of climate change as part of South Africa's overall climate change adaptation strategy in support of a long-term, just transition to a climate-resilient economy and society.

### 3.12 COMPONENT F: SAFETY AND SECURITY

This component includes traffic services (including law enforcement and licencing), disaster management and fire services. Safety and security is the responsibility of the Protection Services Department, of the Management Services Directorate.

The Department is committed to serving the needs of its diverse community and constantly strives to improve its standing within the community it serves and the profession itself. The strategic focus is to promote the safety and security of the Cape Agulhas Community by:

- Maintaining public order;
- Protecting and securing the inhabitants and their property;
- Combating specific crime generators;
- Improving traffic flow;
- Facilitating the provision of affordable, safe and sustainable transport systems;
- Taking action to reduce the effects of a disaster;
- Implementing measures to reduce long-term risks associated with human activity or natural events.

#### 3.12.1 TRAFFIC SERVICES, LICENSING AND LAW ENFORCEMENT

##### a) Introduction to traffic services and law enforcement

The purpose of the Traffic and Law Enforcement Service is to ensure the safety and security of everyone in the Cape Agulhas Municipal Area through the provision of efficient service infrastructure and resources to provide licensing, testing, traffic and municipal by-law enforcement services. By promoting safer roads, vehicles and road users who uphold the law the Department will contribute to creating a safer environment.

The objectives of the Department are:

- To reduce critical offence rates that lead to crashes;
- To reduce crashes, fatalities and serious injuries;
- To inculcate safe road user behaviour and encourage voluntary compliance;
- To create heightened awareness of road traffic safety issues;
- To increase detection and prosecution of critical road traffic offences;
- To harmonize and co-ordinate common operations of a high standard in the municipal area;
- To maximize communications and public exposure on law enforcement issues;
- To improve the image of the law enforcement fraternity.

The functions of the Department are:

- Traffic Control
  - Escorting of abnormal loads, funerals, VIP's and other dignitaries;
  - Visible traffic policing;
  - Ensure road safety during events in area;
  - Attending accidents and traffic complaints;
  - Daily point duties at crossings and scholar patrol points;
  - Traffic safety education;
  - Fine processing.
- Law Enforcement
  - Attend to complaints regarding animals, hawkers, overgrown erven and other by-law offences;

- Educate the community about the safekeeping and caring for animals;
- Protection of the Municipalities councillor's, employees and properties;
- Ensure crime prevention by detecting and combating crime generators;
- Community announcements;
- Promote law and order in municipal area.
- **Licensing**
  - Drivers testing and licensing;
  - Vehicle fitness;
  - Motor vehicle registration/licensing
  - Managing traffic fines by processing it on internal systems, which ensure that all processes are followed.

Vehicle licensing is a function of the Department of Transport and Public Works, but the Municipality renders this service as an agency of the Department.

▪ **Service delivery highlights for 2017/18**

- **Licensing**
  - The appointment of the Natis Helpdesk Clerk in the Licensing Section ensures a faster more efficient client service function. It ensures that licensing transactions run smoothly and less queuing time due to incomplete forms or absentness of prescribe documents.
  - The vacant post of the Superintendent Licensing was also filled during the 2017/18 financial year, which helps with the supervision and assists with the smooth running of the booking system for learner- and driving licence testing.
  - The filling of the Superintendent Licensing post provided an opportunity to upskill the Pit Assistant (skills development) who was an examiner of vehicles.
- **Law enforcement - Animal Control**
  - Wellness day on Elim and Struisbaai for horses
  - Two sterilization projects were conducted in Struisbaai North for cats and dogs in co-operation with organisation called Love for Pets.
  - Animal Control had a successful snake capture season
  - A new draft Animal By-law has been developed and circulated for comments.

▪ **Service delivery challenges for 2017/18**

- **Safety and Security Challenges**
  - The department experiences challenges during the festive season period December /January with overcrowded beach areas such as Duiker Street, Nostra beachfront and parking areas with day campers. More law enforcement officers are needed during the holiday season to assist with the large numbers of holidaymakers and vehicles within our coastal towns.
  - More facilities for day campers.
- **Licensing Section Challenges**
  - A larger waiting area is needed for the clients waiting for transaction to be process.
- **Law enforcement - Animal Control**
  - A fully functional pound is needed for all types of animals.
  - Staff shortages



## b) Service statistics

TABLE 142 TRAFFIC SERVICES AND LAW ENFORCEMENT AVAILABILITY

DETAIL	2016/17	2017/18
Number of Traffic and Law Enforcement Officers in the field on an average day	13	22
Number of Traffic and Law Enforcement Officers on duty on an average day	13	22
Number of EPWP Law Enforcement Officers in the field on an average day	12	12
Number of K53 Examiners of Drivers Licenses and Examiners of Vehicles on duty on an average day	4	4

TABLE 143 TRAFFIC SERVICES AND LAW ENFORCEMENT SERVICE STATISTICS

SERVICE	DESCRIPTION	2016/17	2017/18
Traffic	Number of road traffic accidents during the year	387	771
	Fines issued for traffic offenses	21289	30588
	R-value of fines	6 418 487	11 948 400
	Roadblocks held	140	160
	Special Functions – Escorts	105	108
Law enforcement	Awareness initiatives on public safety	12	14
	Number of by-law infringements attended to	977	847
	Animals impounded	497	51
	Number of Animals handled	1888	1753
Licensing	Motor vehicle licenses processed and registration	86113	28396
	Learner driver licenses processed and issued	17323	1544
	Driver licenses processed	7483	2426
	Driver licenses issued	2742	5003

## c) Human resources

TABLE 144 EMPLOYEES: TRAFFIC AND LAW ENFORCEMENT

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	1	0	0	0	0.00%
04 - 08	3	3	3	0	0.00%
09 - 13	21	19	18	1	0.00%
14 - 18	1	0	0	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>26</b>	<b>22</b>	<b>21</b>	<b>1</b>	<b>4.55%</b>

## d) Financial performance: Capital expenditure

TABLE 145 CAPITAL EXPENDITURE: TRAFFIC AND LAW ENFORCEMENT AND LICENCING

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Zippels	60 000	-	-	-100%	—
Motorcycle Equipment: K53	15 000	-	-	-100%	—
18 Chairs - Reception Area	8 000	4 500	4 500.00	-44%	0%

Vehicles: x1 Sedan (Traffic)	180 000	191 550	191 549.10	6%	0%
Buildings - Renovation of reception area (Entrance)	45 000	-		-100%	—
<b>TOTAL</b>	<b>308 000.00</b>	<b>196 050.00</b>	<b>196 049.10</b>	<b>-36%</b>	<b>—</b>

### 3.12.2 DISASTER MANAGEMENT

#### a) Introduction to disaster management

Disaster management is a continuous integrated, multi-sectored and disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery and rehabilitation (Disaster Management Act. No. 57 of 2002).

Disaster Management is co-ordinated by the Protection Services Department, which is linked to the Overberg Disaster Management Centre, which is used during major incidents to guide, assess, prevent and reduce the risk of disasters.

The Municipality revised its Disaster Management Plan on 27 June 2017, Resolution 154/2017. The Disaster Management Plan confirms the arrangements for managing disaster risk and for preparing for- and responding to disasters within the Cape Agulhas Municipality. It also provides officials and other role players, with an effective guide as to what their roles and responsibilities are in the event of a disaster and focuses on prevention of disasters and minimising the impact of hazards, which cannot be avoided.

When damage or losses occur during a disaster / incident, the following social assistance is provided by the Municipality:

- R1 000 voucher per household to buy food and clothing;
- Each victim is issued with a blanket;
- Used clothing is also provided where sizes are in stock;
- Short term accommodation is available when needed;
- Food is provided for the victims during the emergency period and thereafter they are issued with the voucher;
- Informal settlement material is provided as a starter kit to rebuild a structure;
- Plastic sheeting is available to cover leaking structures.

This assistance is available to anyone who qualifies based on their need for assistance during an incident or the extent of damage to their property.

#### b) Service statistics

TABLE 146 SOCIAL ASSISTANCE PROVISION STATISTICS

SOCIAL ASSISTANCE DESCRIPTION	2016/17	2017/18
Total number of families assisted during disasters / incidents	306	215
Number of people receiving social assistance	12	72
Number of people receiving assistance with accommodation	0	35
Number people receiving assistance with structure material after fires	12	52
Number people receiving assistance with plastic sheeting to mitigate leaking structures	285	110

### **3.12.3 FIRE SERVICES**

#### **a) Introduction to fire services**

Cape Agulhas Municipality renders the Fire Service through a shared service agreement with the Overberg District Municipality (ODM), which obligates them to:

- Prevent the outbreak or spread of a fire;
- Fight and extinguish fires;
- Protect life or property against a fire or other threatening danger;
- Rescue life or property from a fire or other danger.

ODM's objectives in terms of fire services are to:

- Respond promptly to incidents and disasters;
- Ensure that fire fighters comply with the Occupational Health and Safety Act on the provision of personnel protective equipment at all times.
- Do public participation programmes by means of Safety Road Shows, Radio talk shows, development of a website etc.;
- Ensure the establishment of a community fire safety forum;
- Ensure that the community is trained and informed regarding fire safety;
- Make fire safety information available to public.

A high priority is placed on community awareness and training to minimise call outs.

**3.13 COMPONENT G: SPORT AND RECREATION**

This component deals with sport and recreation, which also includes community parks, sports facilities, community halls and resorts, which are collectively managed by the Public Services Department of the Management Services Directorate.

**a) Introduction to sport and recreation**

The Municipal Area currently has 20 parks with playground equipment, as well as a community park in every ward. There are also sports grounds / fields and community halls in every ward as well as campsites / resorts in Bredasdorp, Arniston, Struisbaai and L'Agulhas. Provision for maintenance and upgrading are budgeted for annually in terms of the maintenance plan but is limited to available funds.

- **Service delivery highlights for 2017/18**

- The Department of Culture, Arts and Sport selected Bredasdorp as a site for the Overberg Sports Academy, and contributed an amount of R 700 000 for the upgrading of the sportsgrounds, which includes:
  - Dry walling
  - Aluminium dividers and tinted windows
  - Air-conditioning
  - Data projector and electronic screen
  - Toilets for the disabled
  - Gym at hall with rubber tiles
  - Floodlights upgraded
  - Signage
- Outside gym - Hibiscus Park
- Blue flag status – Struisbaai Beach
- Commenced with upgrading of the L'Agulhas tidal pools

- **Service delivery challenges for 2017/18**

- Vandalism and theft at all municipal buildings
- Security is a challenge at all municipal buildings

**b) Service statistics****TABLE 147 SPORT AND RECREATION SERVICE STATISTICS**

Type of service	2015/16	2016/17	2017/18
<b>Community parks</b>			
Number of parks with play park equipment	18	17	20
Number of wards with community parks	6	6	6
<b>Camp sites/Resorts</b>			
Number of visitors per annum	95 000	98 000	99 000
R-value collected from visitation and/or accommodation fees	5 456 369.82	R6,181,585	R6 966 651.69
<b>Sport Grounds / Fields</b>			
Number of wards with sport fields	6	6	6
Number of sport associations utilizing sport fields	11	13	10
<b>Community halls</b>			
Number of wards with community halls	6	6	6

Number of sport associations utilizing community halls	11	11	10
R-value collected from rental of sport halls	221 602.48	R12,644	R158 621.47

### c) Human resources

TABLE 148 EMPLOYEES: SPORT AND RECREATION

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	16	9	9	0	0.00%
04 - 08	31	32	29	3	9.38%
09 - 13	11	13	13	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>59</b>	<b>55</b>	<b>52</b>	<b>3</b>	<b>5.45%</b>

### d) Financial performance: Capital expenditure

TABLE 149 CAPITAL EXPENDITURE: SPORT AND RECREATION

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Carpet Extraction Unit	6 500	2 890	2 535.09	-61%	-12%
Furniture - Community Hall (Struisbaai)	10 000	10 000	6 183.34	-38%	-38%
Ceiling – Struisbaai Community hall	100 000	91 090	91 081.25	-9%	0%
Air conditioners (Replacement) x3	34 000	21 540	21 535.00	-37%	0%
Play park - Public Open spaces (Hibicus Avenue)	150 000	150 000	115 663.00	-23%	-23%
Sport facility - Fencing of Struisbaai sport ground	50 000	29 910	26 232.76	-48%	-12%
Backpack sprayers X2	5 000	3 230	3 228.06	-35%	0%
25HP Kohler CV752 Engine – for Scag grass cutter	47 000	47 000	42 750.00	-9%	-9%
Sport facility - Waenhuiskrans	614 036	-	-	-100%	-
3 x FS450 Brush cutter	40 000	23 290	23 281.50	-42%	0%
Basic Assessment - Soccer Field, Napier	120 000	120 000	118 067.04	-2%	-2%
Beautification of entrance to towns	100 000	93 390	93 388.75	-7%	0%
Upgrade Sport Facilities Academy	700 000	700 000	344 799.79	-51%	-51%
Furniture at Resorts	100 000	100 000	67 421.13	-33%	-33%

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Safeguarding of Receptionist area (Waenhuiskrans)	105 000	95 520	95 512.28	-9%	0%
Struisbaai Boardwalk (Move: Repair)	250 000	217 750	214 750.00	-14%	-1%
Upgrading of Entrance Main Building	100 000	35 000	22 400.00	-78%	-36%
Upgrading of Ablution facility (Wheelchair friendly) - Nostra	30 000	30 000	23 250.00	-23%	-23%
Upgrading of Large Tidal Pool	450 000	450 000	554 404.17	23%	23%
Equipment Boreholes - Napier & Suiderstrand	150 000	147 000	129 921.30	-13%	-12%
<b>TOTAL</b>	<b>3 161 536.00</b>	<b>2 367 610.00</b>	<b>1 996 404.46</b>	<b>-37%</b>	<b>-16%</b>

**3.14 COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES**

This component includes Executive and Council, Municipal Managers Office and Financial and ICT Services

**3.14.1 EXECUTIVE AND COUNCIL****a) Introduction to executive and Council**

The Executive and Council comprises the Municipal Council support staff as well as the Office of the Municipal Manager, which includes the Strategic Planning and Administration, Human Resource and Organisational Development and Socio –economic Divisions as well as the Internal Audit Unit. The activities of these divisions are detailed under Governance (Chapter 2) and Organisational performance (Chapter 4).

**b) Human resources****TABLE 150 EMPLOYEES: EXECUTIVE AND COUNCIL**

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES
01 - 03	0	1	0	1
04 - 08	0	6	6	0
09 - 13	11	15	12	3
14 - 18	2	4	4	0
18 - 20	0	0	0	0
<b>TOTAL</b>	<b>13</b>	<b>26</b>	<b>22</b>	<b>4</b>

**c) Financial performance: Capital expenditure****TABLE 151 CAPITAL EXPENDITURE: EXECUTIVE AND COUNCIL**

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Collab Ward Committee Management Module	26 000	25 910	22 522.44	-13%	-13%
Coreldraw software	8 250	6 240	6 235.00	-24%	0%
Vehicle (LDV) with canopy	220 000	144 130	144 028.55	-35%	0%
Informal Trading Area 272/2015	500 000	-	-	-100%	-
Flipchart Easel	1 000	990	864.91	-14%	-13%
Pull-up banners X6	6 000	5 130	4 500.00	-25%	-12%
Backdrop	1 000	-	-	-100%	-
Photographic lights	10 000	10 000	8 332.46	-17%	-17%
Voice Recording device	6 000	6 000	3 289.00	-45%	-45%
Loud Hailer / Mic Stands	2 600	2 600	1 625.74	-37%	-37%
<b>TOTAL</b>	<b>780 850.00</b>	<b>201 000.00</b>	<b>191 398.10</b>	<b>-75%</b>	<b>-5%</b>

### 3.14.1.1 PROPERTY ADMINISTRATION

#### a) Introduction to property administration

Property management falls within the Administrative Unit of the Strategic Services Division and its main function is to manage municipal owned immovable property, excluding social / low cost housing properties. This entails the managing of the processes associated with the sale and leasing of municipal immovable property as well as the administration of the valuation appeal board. The activities of this unit are key to the financial viability of the Municipality. During the year under review, the Municipality sold four properties to the value of R5 680 162.00. Lease agreements were concluded for seven properties and a further five lease agreements were extended.

#### ▪ Service delivery highlights for 2017/18

- A new Valuation Appeal Board was appointed by the Minister of Local Government in terms of the Municipal Property Rates Act, no 6 of 2004, for the period 1 March 2018 to 28 February 2022. The following members have been appointed:
  - Chairperson: Adv M Mdludlu
  - Valuer / Member Mr H Wiggins
  - Member Mr PJ Gerber
  - Member Mr V Valentine
  - Member Ms M Badenhorst
- The Valuation Appeal Board finalized the general valuation roll during a sitting held in September 2017, where they heard all the appeals and signed off the roll.
- The process of auditing all vacant land commenced. This will assist in determining what land can be sold, rented or made available for economic development.

#### ▪ Service delivery challenges for 2017/18

- A lack of available serviced plots for the middle class.
- Legislative prescripts cause delays and processes for the selling /renting of land become very long and drawn out, and not conducive to promoting development. The lack of public knowledge of these processes also causes frustration.
- The lack of funding for emerging farmers to buy their own property.
- Shortage of staff for the monitoring of all the lease conditions.

### 3.14.1.2 HUMAN RESOURCE AND ORGANISATIONAL DEVELOPMENT SERVICES

#### a) Introduction to human resource and organisational development services

The primary objective of the Human Resource Department is to render an innovative human resource service that addresses both human resource development and human resource administration. The activities of this section are detailed under Organisational Performance (Chapter 4).

#### ▪ Organisational development highlights for 2017/18

- Organisational Productivity Assessment (Employee Utilisation)
- Employment Equity Plan approved 27 September 2017
- Employment Equity Report submitted to the Department of Labour the 5<sup>th</sup> December 2017



- Organisational Structure approved 7 December 2017 and revised additions approved 22 June 2018

▪ **Organisational development challenges for 2017/18**

- Budget allocated for employment equity purposes
- Interventions to improve management of performance

**b) Human resources**

TABLE 152 EMPLOYEES: HUMAN RESOURCES

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	0	0	0	0	0.00%
04 - 08	0	4	3	1	25.00%
09 - 13	9	12	12	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>10</b>	<b>17</b>	<b>16</b>	<b>1</b>	<b>6.25%</b>

**c) Financial performance: Capital expenditure**

TABLE 153 CAPITAL EXPENDITURE: HUMAN RESOURCES

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Air conditioners (X2)	40 000	15 510	15 508.00	-61%	0%
	<b>40 000.00</b>	<b>15 510.00</b>	<b>15 508.00</b>	<b>-61%</b>	<b>0%</b>

### 3.14.2 FINANCIAL SERVICES

**a) Introduction to financial services**

The Cape Agulhas Municipality remains committed to fulfil its Constitutional Mandate by providing basic services to all the people in its community within the municipality's financial and administrative capacity in a sustainable manner. The year under review was particularly challenging in that it was the first year of implementation of the mSCOA Regulations and the simultaneous conversion to a new mSCOA compliant financial system. The activities of this section are detailed under Financial Performance (Chapter 5).

▪ **Service delivery highlights for 2017/18**

- The Municipality achieved a clean audit in 2017/18 for the fifth consecutive year
- The Municipality maintained a good debt collection rate of 96,50%
- The Municipality's liquidity ratio improved from 1.26:1 (Restated Figure) in the previous financial year to 1.81:1 in the 2017/18 financial year, but despite this we still maintained a sound financial position although less than the National Treasury minimum norm at 1.50:1
- Creditors are being paid within the 30 day limit

- Council approved a revised and updated Long Term Financial Plan Strategy (LTFP) as well as a Revenue Enhancement Strategy implementation plan for rollout per set target date.
- Despite various challenges experienced with the implementation of mSCOA, the municipality was able to meet National Treasury's set targets to ensure compliance together with the implementation of a new financial system aligned with the mSCOA requirements.

▪ **Service delivery challenges for 2017/18**

- Employee related costs are 39,74%, slightly less than National Treasury's norm of between 30 - 40% and are an indicator of productivity and / or efficiency within local municipalities. The LTFP proposes a target of 30% for the Municipality to remain financially viable in the long term. The Municipality completed a productivity study during the 2017/18 financial year, and approved a new macro organogram whereby a number of positions not fully utilized became redundant and scrapped from the personnel structure. The Municipality only considers the filling of legislative required and / or service delivery orientated positions.
- Increasing costs of bulk purchases of electricity from ESKOM coupled limitations on tariffs imposed by NERSA. Ongoing review and update of the current tariff structure aligned with NERSA's tariff benchmark guideline for electricity and other services continues in order to be more transparent, fair and equitable.
- Long term financial sustainability of the Municipality. The Municipality reviews its Long Term Financial Plan Strategy on an annual basis to stay abreast with any new developments to ensure financial sustainability as one of its most critical performance indicators.
- Increasing of reserves. By applying a mix of other sources for capital funding aligned with the Municipality's LTFP recommendations, the Municipality embarked on a process to introduce external borrowing as an additional source of funding for infrastructure related capital projects. The Municipality managed to improve its cash position and as a result could increase the capital replacement reserve to R30 million for the financial year under review

**b) Human resources**

TABLE 154 EMPLOYEES: FINANCE

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	2	1	0	1	100.00%
04 - 08	10	13	13	0	0.00%
09 - 13	22	30	29	1	3.33%
14 - 18	4	4	4	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>38</b>	<b>48</b>	<b>46</b>	<b>2</b>	<b>4.17%</b>

**c) Financial performance: Capital expenditure**

TABLE 155 CAPITAL EXPENDITURE: FINANCE

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Vesta - Financial System	1 150 000	1 615 100	1 602 031.18	39%	-1%
Samsung Screens		6 900		—	-100%

Office Chairs (x2)	4 000	3 700	3 692.98	-8%	0%
Heavy Duty High back chair	3 500	3 300	3 300.00	-6%	0%
Voice Recorder	3 000	2 480	2 475.50	-17%	0%
<b>TOTAL</b>	<b>1 160 500.00</b>	<b>1 631 480.00</b>	<b>1 611 499.66</b>	<b>39%</b>	<b>-1%</b>

### 3.14.3 INFORMATION COMMUNICATION TECHNOLOGY

#### ▪ Introduction to Information Communication Technology

Over the past 7 years since the ICT division was established we have strived towards adding value to the Municipality. Initially we focused on supporting the officials or end users in the organization and the costs relating to communication mediums.

As we started to grow, we understood that the role of ICT in any organization is vitally important in the effective functioning of the organization as a whole. We set out to better understand the function of each department and how ICT can add value not only related to cost but also to assist each department, to better fulfill its mandate. For the first 5 years we mainly focused on infrastructure and ensuring that the ICT infrastructure not only responds to current requirements, but also enables to us to move forward in the future.

Although ICT governance has always been a big part of this division since inception in 2010, the focus was more on compliance than value add. In the 2016/2017 financial year, we began a drive towards ensuring that we not only comply in terms of Governance, but also add actionable value to the Municipality.

One can easily argue that Governance is just another manner of adding red tape or a strain to the functionality of the Municipality, but once again we found that perceptions are something one can change and by proving the value add of something such as governance can actually be to the benefit of the Municipality.

As previously mentioned, the focus of the past two years was on governance, which in turn lead to an increase in the maturity level of ICT in the organization. A lot of focus was put on processes and security in terms control and access to information. Various strategies were drafted and approved by Council focusing on an integrated or collective goal, as set by the Municipal Council.

#### ▪ Service delivery highlights for 2017/18

- We strive towards getting system and services to talk to each other to provide the best possible information to management to make informed decisions. In order for us to ensure this however we still need to focus on various infrastructure developments and planning mechanisms.
- We did an external **ICT Security Audit** to determine if adequate security is in place (which one may find is never enough) and what else is required to ensure we safeguard information and the integrity thereof. With the outcome thereof, we started implementing various processes and hardware to address some of the possible risks identified. For security purposes, we cannot elaborate on this, but will always need to ensure that we do everything we can do ensure we stay aware of the security threats that is always changing.
- Disaster recovery and business continuity are one of those Governance issues every organization faces and this entails various processes, hardware and user reliance. With this in mind we started

with the establishment of a fully functionally **Disaster Recovery site** in this financial year, with the capabilities to relocate certain fundamental Officials should a Disaster occur. By the end of this financial year, we were about 80% complete with the physical environment as this is a two-year project. We do however acknowledge that the physical environment is only one of the fundamentals to the success of Disaster recovery and business continuity and a lot more will be done over the coming 2018 / 2019 financial year in order to further the capabilities of such a site.

- Strategies, this is one of those key planning documents one can only hope will receive the attention it requires. In December 2017, the Municipal Council approved and adopted the **ICT Strategy plan**, which in turn aligned to the Municipal IDP. This is to ensure that ICT support not only users internal to the Municipality, but also to assist the organization as a whole to reach its goals.
- Another strategy, very unexpected, unplanned and unforeseen at the beginning of this financial year was approved by Council in June 2018, just before the end of the financial year, namely the **Smart City Strategy**. This is one of the most exciting and scary projects ever attempted from an ICT perspective. Although the idea spawned in the ICT division, it became clear very quickly that this was not an ICT strategy. Rather one that is inclusive of the whole Municipality and supportive of the mSCOA principles. It is essentially not an ICT reform but a Municipal reform.

#### ▪ Service delivery challenges for 2017/18

- In order for ICT to deliver services to both the municipal officials, the Municipality as a business and to the communities we serve certain criteria need to be met. When something happens or an event occurs that put a strain on these criteria, challenges emerge.
- We can however state that the support and understanding from Management and the ICT Steering Committee on how we envision the role of ICT in the Municipality, plays a big role in why we can face challenges in a controlled manner when they occur.
- With adequate planning challenges and risks can be mitigated once they emerge, having said that things still happen and how one reacts to that may very well be one of the biggest challenges we face.
- Once again, this year cyber security was one of our biggest challenges. This however was not only limited to Cape Agulhas Municipality as security threats worldwide became more frequent over the past year. We did however see an increase from **846565** (Jun 2017) to **291 664** (May 2018) virus attacks on our networks.
- This increase is partially due to internet related access, but one has to consider the manner in which the world evolves and the reliance on Internet related services become more relevant in today's day and age.
- Due to the type of access required to systems and internet related service we actioned a service provider to do an security assessment of our environment and processes in order to determine not only what our current state is, but also to ensure we implement adequate measures to ensure the protection of information and the integrity of our data. On average over 1.2 T (Terabyte) of data is transferred on the network of the Municipality and safeguarding this is key to the success various processes in the organization.

#### c) Human resources

TABLE 156 EMPLOYEES: ICT

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	0	0	0	0	0.00%
04 - 08	0	0	0	0	0.00%
09 - 13	2	3	2	1	33.33%

14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>25.00%</b>

**d) Financial performance: Capital expenditure**

**TABLE 157 CAPITAL EXPENDITURE: ICT**

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
New Laptops	203 000	88 692	88 692.50	-56%	0%
Projector	7 000	6 294	6 294.00	-10%	0%
External HDD	6 000	5 860	5 859.65	-2%	0%
Switch POE	48 000	111 700	111 403.38	132%	0%
Two Way Radios	10 500	28 000	26 850.00	156%	-4%
Time Attendance (Access Control) CRR	200 000	203 000	200 294.80	0%	-1%
Whiteboard	1 000	880	877.00	-12%	0%
Chair	2 000	1 850	1 850.00	-8%	0%
Server - mSCOA	400 000	281 749	281 748.96	-30%	0%
Replacement PC's	8 000	65 585	60 405.13	655%	-8%
Screens Replace	17 000	17 000	16 450.87	-3%	-3%
Replacement Laptops (Insurance (x1) - R9510)	101 500	171 191	179 697.01	77%	5%
Upgrade Server room DR Site	300 000	300 000	299 999.91	0%	0%
<b>TOTAL</b>	<b>1 304 000.00</b>	<b>1 281 801.00</b>	<b>1 280 423.21</b>	<b>-2%</b>	<b>0%</b>

**3.15 COMPONENT I: DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2018/19****3.15.1 STRATEGIC GOAL 1: TO ENSURE GOOD GOVERNANCE**

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL9	Development of a business plan for the Smart City Concept	Number of business plans completed	All	1
TL38	Implement the RBAP for 2017/18 by 30 June 2019{(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP )x100}	% of audits and tasks completed in terms of the RBAP	All	85%
TL43	Review the mSCOA action plan for 2018/19 and distribute to all divisions in the department by 31 July 2018	Action plan reviewed and submitted to all divisions	All	1
TL47	Spend 95% of the total approved management services capital budget by 30 June	% of budget spent	All	95%

**3.15.2 STRATEGIC GOAL 2: TO ENSURE INSTITUTIONAL SUSTAINABILITY**

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL35	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people from employment equity target groups employed in vacancies that arise in the three highest levels of management	All	1
TL36	The percentage of the municipality's personnel budget actually spent on implementing its Workplace Skills Plan by 30 June 2019 in terms of the WSDL Act. {(Actual amount spent on training/total personnel budget)x100}	% of the personnel budget spent on training	All	1%

### 3.15.3 STRATEGIC GOAL 3: TO PROMOTE LOCAL ECONOMIC DEVELOPMENT IN THE CAPE AGULHAS MUNICIPAL AREA

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL34	Create FTE's through government expenditure with the EPWP by 30 June 2019	Number of FTE's created	All	58
TL39	Implement RSEP/ VPUU Programme phase 1 (Ou Meule Street)	Number of projects approved by the RSEP Adjudication Committee of DEADP by 30 December 2018.	2	1
TL46	Develop a municipal tourism strategy by 31 December 2018	Number of municipal tourism strategies submitted for approval	All	1

### 3.15.4 STRATEGIC GOAL 4: TO IMPROVE THE FINANCIAL VIABILITY OF THE MUNICIPALITY AND ENSURE ITS LONG TERM FINANCIAL SUSTAINABILITY

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL8	The percentage of the municipality's capital budget actually spent on capital projects by 30 June 2019 {(Actual amount spent on projects / Total amount budgeted for capital projects) X 100}	% of the municipal capital budget spent	All	95%
TL10	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2019 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% Debt to Revenue	All	10%
TL11	Financial viability measured in terms of the outstanding service debtors as at 30 June 2019 (Total outstanding service debtors/ revenue received for services) (Target is maximum))	% Service debtors to revenue	All	10%
TL12	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure	Cost coverage	All	1.3

	excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))			
<b>TL13</b>	Achieve a debtors payment percentage of at least 96% by 30 June 2019 $\{(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue\} \times 100\}$	% debtors payment ratio achieved	All	96%

### 3.15.5 STRATEGIC GOAL 5: TO ENSURE ACCESS TO EQUITABLE AFFORDABLE AND SUSTAINABLE MUNICIPAL SERVICES FOR ALL CITIZENS

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
<b>TL1</b>	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2019	Number of residential properties which are billed for water or have pre-paid meters	All	8,677
<b>TL2</b>	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2019	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)	All	9,033
<b>TL3</b>	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service (inclusive of septic tanks), irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2019	Number of residential properties which are billed for sewerage	All	8,995
<b>TL4</b>	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2019	Number of residential properties which are billed for refuse removal	All	9,614
<b>TL5</b>	Provide 6kl free basic water per month to all formal households during the 2018/19 financial year	Number of HH receiving free basic water	All	8,677
<b>TL6</b>	Provide 50 kwh free basic electricity per month to indigent	Number of indigent households receiving free basic electricity	All	3,161



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	households in terms of the equitable share requirements during the 2018/19 financial year			
<b>TL7</b>	Provide free basic sanitation and refuse to indigent households in terms of the equitable share requirements during the 2018/19 financial year	Number of indigent households receiving free basic sanitation and refuse in terms of Councils indigent policy	All	3,161
<b>TL14</b>	Provide electricity to 300 RDP houses by 30 June 2019 (INEP Funds)	Number of houses electrified	2	300
<b>TL15</b>	95% of the roads and storm water capital budget spent by 30 June 2019 {(Actual expenditure divided by the total approved roads and storm water capital budget) x 100}	% of roads and storm water capital budget spent	All	95%
<b>TL16</b>	Reseal roads within the municipal area as per PMS 2009 by 30 March 2019	Square metres of road sealed	All	70,000
<b>TL17</b>	Upgrade paving in Struisbaai / L'Agulhas by 31 December 2018	Square metres of paving upgraded	5	4,000
<b>TL18</b>	Improve sidewalk in Bredasdorp by 31 December 2018	Square metres of sidewalk upgraded (Tar / paving)	2; 3; 4; 6	2,500
<b>TL19</b>	Construct a storm water pipeline for Area F by 30 September 2018	Number of projects completed	2	1
<b>TL20</b>	95% of the approved refuse removal capital budget spent by 30 June 2019 {(Actual expenditure divided by the total approved refuse removal capital budget) x 100}	% of refuse removal capital budget spent	All	95%
<b>TL21</b>	95% of the approved water capital budget spent by 30 June 2019 {(Actual expenditure divided by the total approved water capital budget) x 100}	% of water capital budget spent	All	95%
<b>TL22</b>	Limit unaccounted for water to less than 18% by 30 June 2019{(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl. free basic water) / Number of Kilolitres Water Purchased or Purified x 100}	% unaccounted water	All	18%
<b>TL23</b>	95% average water quality level obtained as per SANS 241 on micro parameters for all water supply areas during the 2018/19 financial year	% water quality level obtained	All	95%
<b>TL24</b>	Update the Water Services Development Plan by 30 March 2019	Number of WSDP's submitted to Council	All	1

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<b>TL25</b>	65% waste water discharge quality obtained for Bredasdorp WWTW	% quality of waste water discharge obtained	All	65%
<b>TL26</b>	Complete the equipping of boreholes in Napier and Suiderstrand by 30 December 2018	Number of boreholes equipped	1; 5	2
<b>TL27</b>	Compile design and tender documentation for the rehabilitation of the Waste Water Treatment Works in Bredasdorp by 30 June 2019	% of the approved project spent	2; 3; 4; 6	95%
<b>TL28</b>	Limit unaccounted for electricity to less than 8% by 30 June 2019 $\left\{ \frac{\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Electricity Units Sold (incl. Free basic electricity)}}{\text{Number of Electricity Units Purchased and/or Generated}} \times 100 \right\}$	% unaccounted electricity	All	8%
<b>TL29</b>	95% of the electricity capital budget spent by 30 June 2019 $\left\{ \frac{\text{Actual expenditure divided by the total approved capital budget}}{\text{budget}} \times 100 \right\}$ as per individual project plans	% of electricity capital budget spent	All	95%
<b>TL30</b>	Install 1474 EEDSM Street lights by 30 June 2019	Number of EEDS Street lights installed	All	1,474
<b>TL31</b>	Revise the Human Settlement Plan and submit to Council by 31 March 2019	Revised Human Settlement Plan developed and submitted to Council	All	1
<b>TL37</b>	Development of an infrastructure maintenance and development plan by 30 June 2019	Number of IMDP's submitted to Council	All	1
<b>TL40</b>	95% of the INEP funds received spent by 30 June 2019 for the electrification of 69 IRDP houses $\left\{ \frac{\text{Actual expenditure divided by the total received INEP allocation}}{\text{allocation}} \times 100 \right\}$	% of the INEP funds received spent	2	95%
<b>TL41</b>	Implement wheelie bin project through the purchase of 6000 wheelie bins by 30 June 2019	Number of wheelie bins purchase	All	6,000
<b>TL42</b>	Establish a regional steering committee for the implementation of the shared landfill site report by 30 September 2018	Number of steering committees and meetings	All	1
<b>TL44</b>	Implement Human Settlement Plan through the construction of top structures in Area F by 30 June 2019	No of top structures completed and handed over to beneficiaries	2	300

<b>TL45</b>	Implement Human Settlement Plan through the construction of top structures in Area H (PHP) by 30 June 2019	No of top structures completed and handed over to beneficiaries	2	158
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**3.15.6 STRATEGIC GOAL 6: TO CREATE A SAFE AND HEALTHY ENVIRONMENT FOR ALL CITIZENS AND VISITORS TO THE CAPE AGULHAS MUNICIPALITY**

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
<b>TL32</b>	Obtain full Blue Flag status for Duiker Street Beach Struisbaai by 30 November 2018	Number of beaches for which full blue flag status is achieved.	5	1
<b>TL33</b>	Complete phase 1 of the upgrading of the Waenhuiskrans Sport Facility by 30 June 2019	% of project budget spent	6	95%

## CHAPTER 4: ORGANISATIONAL PERFORMANCE

This Chapter aligns to the National Key Performance Areas (KPA's) of **Municipal Transformation and Organisational Development** as contained in the Local Government: Municipal Planning and Performance Management Regulations of 2001 read together with Section 43 of the MSA.

### 4.1 INTRODUCTION

The Cape Agulhas Municipality currently employs 347 people (excluding non-permanent employees), who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of the Human Resource Department is to render an innovative human resource service that addresses both human resource development and human resource administration.

#### ▪ Job creation

Cape Agulhas Municipality continues to collaborate with the Expanded Public Works Programme (EPWP), the Community Works Programme (CWP). Also creating employment through the Coastal Management Programme. In this financial year, 42 EPWP Projects were implemented. Cape Agulhas Municipality's job opportunities targets for the unemployed were as follows:

TABLE 158 JOB CREATION THROUGH EPWP PROJECTS

OPPORTUNITIES	TARGET	ACTUAL ACHIEVED	ACHIEVEMENT %
Job Opportunities	187	673	358%
Full time Equivalents	40	118	295%

#### ▪ Training and development

Cape Agulhas Municipality continues to capacitate employees and encourages job specific skills training and development to deliver quality services to the community. The priority focus this financial year was on technical skills training, management development and project management. A Recognition for Prior Learning (RPL) Programme funded internally and externally in partnership with North Link TVET College was implemented. Approximately 67 Infrastructure Services and Management Services employees were initially assessed and the table below indicates the candidates that are now eligible to be trained as artisans on various skill sets.

TABLE 159 EMPLOYEES ELIGIBLE FOR ARTISAN TRAINING

PROGRAMME	ROADS & STORM WATER	WATER & SANITATION	SOLID WASTE	PUBLIC WORKS MAINTENANCE	ELECTRICAL SERVICES
RPL	12	14	6	8	7
Artisan :Plumbing	N/A	8	N/A	N/A	N/A
Project Management	N/A	N/A	N/A	N/A	N/A

The training and development drive is to ensure that our employees are adequately skilled and there is a pool of skilled and semi-skilled workers internally. This was done through funding received from various Sector Education and Training Authorities (SETA's) namely the Local Government SETA and the Construction SETA and Internal Funding. The Anene Booysen Skills Centre opened opportunities for

technical and administrative training to our officials in various disciplines in terms of both academic and skills training. The Municipality and other government department utilise the skills training to deliver training for the community and government employees.

Training on mentorship and coaching as well as performance management was also rolled out to the various levels of management.

**TABLE 160 EXECUTIVE, SENIOR AND MIDDLE MANAGEMENT DEVELOPMENT TRAINING**

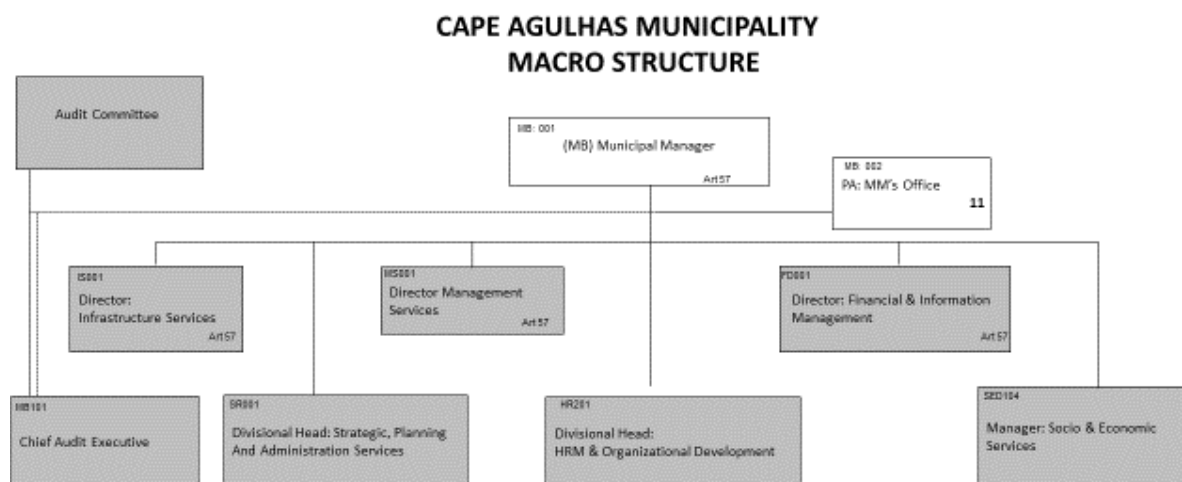
PROGRAMME	Mayoral Committee members	Snr & Middle Management	Junior Management
Mentorship & Coaching	4	15	15
Performance Management	N/A	17	13

#### ▪ Organisational Structure

The 2017/18 financial year Organisational Structure was approved by Council in June 2017. The design of the Macro Structure (see below) was designed to respond to the needs of the community and respond to the financial sustainability needs as stipulated in the Cape Agulhas Municipality Integrated Development Plan.

The position of Director: Corporate Services was abolished, from the Organisational Macro Structure and the three Divisions were created reporting directly to the Municipal Manager including a new Socio Economic Services division.

**FIGURE 10 2017/18 MACRO STRUCTURE**



3

#### ▪ Productivity Assessment

This project was initiated by Cape Agulhas Municipality and co-funded by the Western Cape Department of Local Government. Productivity South Africa, a government agency, conducted the assessments. The

project focused on a sample of positions where there was a need to assess the utilisation of our workforce. Council accepted the results.

A transfer of Skills Workshop facilitated by Productivity South Africa was conducted for Managers and Senior Managers to impart this skill, to conduct the utilisation productivity assessments internally. Currently Senior Management and Managers are skilled and knowledgeable enough to conduct utilisation assessments at their Departments.

## 4.2 THE MUNICIPAL WORKFORCE

### 4.2.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed, to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to “Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality’s approved employment equity plan”.

Cape Agulhas Municipality developed an Employment Equity Plan for the period 2017 – 2020, with specific racial and gender specified targets and goals, for this period, to ensure equity within the Municipality. The new Employment Equity Plan was approved on 27 September 2018. This is a three-year Employment Equity Plan, which will give us the opportunity to revise the plan to meet our targets and adhere to any changes in legislation.

#### a) Employment Equity targets

The Organizational Structure made provision for the occupational level of two African males in the Senior Management Category. A vacancy occurred which required an African Male, due to the scarcity and proximity of Cape Agulhas we could not attract targeted candidates. A Colored male from the previously disadvantaged group was appointed. Cape Agulhas Municipality still needs to reach the target at this level. The approved Employment Equity Plan 2017-2020 makes provision for targets by racial classification for the Top Three Levels of Management.

TABLE 161 EMPLOYMENT EQUITY TARGETS BY RACIAL CLASSIFICATION: TOP THREE LEVELS OF MANAGEMENT

OCCUPATIONAL LEVELS	TASK NUMERICAL TARGETS AND GOALS 2017-2020								TOTAL PERMANENT	VACANCIES	TOTAL POSTS
	Male				Female						
	A	C	I	W	A	C	I	W			
Top Management	1	5	0	4	1	3	0	0	14	5	14
Goals: 2017 to 2018					1					1	
Goals: 2018 to 2019	2									2	
Goals: 2019 to 2020					1	1				2	
Senior Management	0	2	0	1	1	0	0	1	5	1	5
Goals: 2017 to 2018											
Goals: 2018 to 2019						1				1	
Goals: 2019 to 2020											
Professionally	1	8	0	10	3	3	0	1	26	13	26

<b>qualified</b>										
Goals: 2017 to 2018	2				1	1		1		5
Goals: 2018 to 2019	1				1	1		1		4
Goals: 2019 to 2020	1	1			1	1				4

TABLE 162 2017/18 EMPLOYMENT EQUITY TARGETS/ACTUAL BY RACIAL CLASSIFICATION FOR TOP THREE LEVELS OF MANAGEMENT

AFRICAN			COLOURED			INDIAN			WHITE		
TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED
4	0	0%	1	1	100%	0	0	0%	1	0	0%

TABLE 163 2017/18 EMPLOYMENT EQUITY TARGETS/ACTUAL BY RACIAL CLASSIFICATION (All employees)

AFRICAN			COLOURED			INDIAN			WHITE		
TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED
22	2	9.09%	17	4	23.5%	1	0	0%	4	1	25%

TABLE 164 2017/18 EMPLOYMENT EQUITY TARGETS/ACTUAL BY GENDER CLASSIFICATION

MALE			FEMALE			DISABLED		
TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED
18	6	33.33%	23	1	4.38%	2	1	50%

## b) Employment Equity occupational levels by race

The determination of employment equity targets and the appointment of staff in terms of those targets is set out in the table below, and is based on the population composition of the Western Cape Province. The local population demographics are no longer applied.

TABLE 165 EMPLOYMENT EQUITY AS MEASURED AGAINST THE POPULATION

DESCRIPTION	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL
Population numbers	1 912 547	2 840 404	60 761	915 053	5 728 765
% Population	33.70	49.60	1.06	15.97	100
Number for positions filled	2	4	0	1	7
Total workforce	54	252	0	41	347
% for Positions filled	3.7%	1.58%	0%	2.4%	2.0%

## c) Occupational levels and departments by race

The table below categorises the number of employees by race within the occupational levels (including councillors):

TABLE 166 OCCUPATIONAL LEVELS (INCLUDES COUNCILLORS)

OCCUPATIONAL	MALE				FEMALE				TOTAL
Levels	A	C	I	W	A	C	I	W	
Top Management	1	6	0	4	1	3	0	0	15
Senior management		0	0	1	1		0	1	3

Professionally qualified and experienced specialists and mid-management	1	11	0	10	1	3	0	1	27
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	49	0	8	6	37	0	15	120
Semi-skilled and discretionary decision making	10	56	0	3	4	31	0	1	105
Unskilled and defined decision making	22	48	0	0	3	15	0	0	88
<b>Total permanent</b>	<b>39</b>	<b>170</b>	<b>0</b>	<b>26</b>	<b>16</b>	<b>89</b>	<b>0</b>	<b>18</b>	<b>358</b>

The following table categories the number of employees by race within the different departments (excluding Councillors):

**TABLE 167 DEPARTMENT – RACE (EXCLUDES COUNCILLORS)**

DEPARTMENT	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	3	10	0	4	3	25	0	3	48
Financial Services	1	20	0	4	5	12	0	8	50
Management Services	7	36	0	6	6	38	0	5	98
Infrastructure Services	28	100	0	9	1	11	0	2	151
<b>TOTAL</b>	<b>39</b>	<b>166</b>	<b>0</b>	<b>23</b>	<b>15</b>	<b>86</b>	<b>0</b>	<b>19</b>	<b>347</b>

#### 4.2.2 VACANCY RATE

The approved organogram for the Municipality has 393 posts for the 2017/18 financial year of which 362 are funded. In 2013, at the start of the implementation of the Employment Equity Plan. The vacancy rate was 43%. The vacancy rate has declined steadily since. At the end of the 2017/18 financial year, it was 4.41% (excluding unfunded posts). The vacancy rate per post level and functional level are indicated below:

**TABLE 168 ANNUAL VACANCY RATE**

PER POST LEVEL	2016/17		2017/18	
POST LEVEL	FILLED	VACANT	FILLED	VACANT
MM & MSA section 57 & 56 (Top Management)	5	0	4	0
Senior Management	5	1	3	0
Professionally qualified and experienced specialists and middle management	26	0	27	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	111	6	120	5
Semi-skilled and discretionary decision making	107	2	105	3
Unskilled and defined decision making	96	3	88	6
<b>TOTAL</b>	<b>350</b>	<b>12</b>	<b>347</b>	<b>15</b>

PER FUNCTIONAL LEVEL	2016/17		2017/18	
FUNCTIONAL AREA	FILLED	VACANT	FILLED	VACANT
Office of the Municipal Manager	10	1	48	5
Corporate Services	44	1	0	0



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Financial Services	38	0	50	2
Community Services	109	2	98	4
Infrastructure Services	149	8	151	4
<b>TOTAL</b>	<b>350</b>	<b>12</b>	<b>347</b>	<b>15</b>
*Excluding CDW posts				

The table below indicates the vacancy rate during the financial year:

**TABLE 169 VACANCY RATE PER MONTH**

MONTH	TOTAL FUNDED POSTS	FILLED POSTS	VACANCIES	% VACANCY RATE
July 2017	362	349	13	3.59%
August 2017	362	347	15	4.14%
September 2017	362	348	14	3.87%
October 2017	362	344	18	4.97%
November 2017	362	344	18	4.97%
December 2017	362	344	18	4.97%
January 2018	362	345	17	4.70%
February 2018	362	345	17	4.70%
March 2018	362	345	17	4.70%
April 2018	362	345	17	4.70%
May 2018	362	345	17	4.70%
June 2018	362	347	15	4.41%

The table below indicates the number of staff per level expressed as total positions and current vacancies expressed as full time staff equivalents:

**TABLE 170 VACANCY RATE HIGHEST LEVELS OF MANAGEMENT**

SALARY LEVEL	NUMBER OF CURRENT CRITICAL VACANCIES	NUMBER TOTAL POSTS AS PER ORGANOGRAM	VACANCY JOB TITLE	% VACANCIES (AS A PROPORTION OF TOTAL POSTS PER CATEGORY)
Municipal Manager	0	1	n/a	n/a
Chief Financial Officer	0	1	n/a	n/a
Other Section 57 Managers	0	2	n/a	n/a
Senior management	0	3	n/a	n/a
Professionally qualified and mid management	0	27	n/a	n/a
<b>TOTAL</b>	<b>0</b>	<b>34</b>	<b>n/a</b>	<b>0%</b>

### 4.2.3 STAFF TURNOVER RATE

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. A low turnover rate is indicative of a stable employment environment.

The staff turnover rate showed an increase from 2.86% in 2016/17 to 3.17% in 2017/18. Turnover is primarily due to incapacity cases, resignations due to better prospects and a few retirements. As a result, we have

lost our Employment Equity Targets. In closing this gap, we need to focus on getting the lost targets regained by replacing these occupational levels accordingly.

The table below indicates the staff turnover rate over the last three years:

**TABLE 171: TURNOVER RATE**

FINANCIAL YEAR	TOTAL NUMBER OF APPOINTMENTS AT THE END OF EACH FINANCIAL YEAR	NEW APPOINTMENTS	NUMBER OF TERMINATIONS DURING THE YEAR	STAFF TURNOVER RATE
2015/16	346	54	24	6.94%
2016/17	350	14	10	2.86%
2017/18	347	7	11	3.17

### 4.3 MANAGING THE MUNICIPAL WORKFORCE

The success or failure of a municipality depends on the quality of its political leadership, sound governance of its finances, the strength of its institutions and the calibre of staff working for the municipality.

#### 4.3.1 INJURIES

All injuries and incidents must in terms of OHSA reported immediately or as soon as practically possible for assessment, recording or possible investigation.

The injury rate shows a slight increase of 30.34% for 2017/18 as compared to 2016/17. This means that 13.18% of our workforce was injured on duty during 2017/18 financial year

An injury frequency rate is the number of injuries per 1,000,000 employee-hours worked. During 2018/19, we will be applying this formula to calculate the injury on duty rate. It is an indicator of the state of health and safety at a workplace. It provides an idea about the organization's efforts to protect the workers from work related hazards. Injury frequency rate can be calculated by the following formula:

$$\text{Injury frequency rate} = (\text{Number of injuries in the period} \times 1,000,000) / \text{Number of hours worked in the period}$$

The two departments with the highest number of injuries are Management Services and Infrastructure Services, but there is a decrease in occupational injuries in both departments.

This is due to more emphasis being placed on safe work procedures and safety awareness and training. Random safety inspections are also conducted by the OHS officer and the Safety Representatives of departments. Protective clothing awareness is a standing item on the Local Labour Forum Monthly meetings, where issues pertaining to quality PPE and budgets are raised and addressed.

The table below indicates the total number of injuries within the different directorates:

TABLE 172 INJURIES ON DUTY

DIRECTORATES	2016/17	2017/18
Office of the Municipal Manager	2	5
Financial Services	2	0
Management Services	16	10
Infrastructure Services	26	33
<b>TOTAL</b>	<b>46</b>	<b>48</b>

The following table distinguishes between minor and major injuries for 2017/18 A is any that has the potential to cause prolonged disability or death. A minor injury is an injury that is not serious that can be manage by a nurse).

TABLE 173 CLASSIFICATION OF INJURIES ON DUTY

DIRECTORATES	Minor injuries	Major injuries.
Office of the Municipal Manager	5	0
Financial Services	0	0
Management Services	10	0
Infrastructure Services	33	0
<b>TOTAL</b>	<b>48</b>	<b>0</b>

The total rand value of injuries on duty for 2017/18 is R261 446.02.

#### 4.3.2 SICK LEAVE

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of sick leave days taken during the **2017/18** financial year shows an overall **decrease** of 23.7%. There is substantial increase in the sick leave of the Office of the Municipal Manager that can be attributed to the review of the Organisational structure that resulted in a number of the former Corporate Services Departments being merged into divisions reporting to the Municipal Manager.

The implementation of an electronic leave management system (Employee Self Service) from PayDay has assisted in ensuring good management of sick leave, as leave is accounted for in areas where it was previously difficult to obtain supporting documentation for leave reconciliations. This has enabled us to identify trends and improve leave management as a whole.

TABLE 174 SICK LEAVE

DEPARTMENT	2015/16	2016/17	2017/18
Office of the Municipal Manager	9	32.50	338.81
Financial Services	405	294	258.50
Management Services	815	1035	912.09
Infrastructure Services	851	1128.50	1008.25
<b>TOTAL</b>	<b>2480</b>	<b>3070</b>	<b>2517.65</b>

#### 4.3.3 HUMAN RESOURCE POLICIES AND PLANS

Human Resources policies and procedures are important as they provide structure, control, consistency, fairness in any company. They also ensure compliance with employment legislation and inform employees of their responsibilities and the employer's expectations.

TABLE 175 HR POLICIES AND PLANS

POLICY / PLAN	DATE APPROVED	WILL BE REVISED
Anti-Fraud and Corruption Policy	September 2017	2019
Anti-Fraud and Corruption Plan	September 2017	2019
Anti-Fraud and Corruption Strategy	September 2017	2019
Code of Ethics	September 2017	2019
Remuneration Policy	December 2017	2019
Uniform/ Protective Clothing Policy	December 2017	2019

#### 4.3.4 EMPLOYEE PERFORMANCE REWARDS

In accordance with Regulation 805, a performance bonus, based on affordability, may be paid to an employee, after -

- the annual report for the financial year under review has been tabled and adopted by the municipal council;
- an evaluation of performance in accordance with the provisions of regulation 23; and
- approval of such evaluation by the municipal council as a reward for outstanding performance.

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance. Section 57 managers are those individuals that are appointed by the municipality on a contract basis and who reports directly to the Municipal Manager of the municipality. The table below shows the total number of S57 managers that received performance rewards during the financial year in respect of the previous year's performance after all performance evaluations were dealt with:

TABLE 176 PERFORMANCE REWARDS

RACE	GENDER	NUMBER OF BENEFICIARIES	TOTAL NUMBER OF EMPLOYEES RECEIVED PERFORMANCE REWARDS	% EMPLOYEES RECEIVED PERFORMANCE REWARDS
African	Female	0	0	0
	Male	2	1	25
Asian	Female	0	0	0
	Male	0	0	0
Coloured	Female	0	0	0
	Male	1	1	25
White	Female	0	0	0
	Male	1	1	25
Disability	Female	0	0	0
	Male	0	0	0
<b>TOTAL</b>		<b>4</b>	<b>3</b>	<b>75</b>

#### 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the Municipal Systems Act states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 2019 (Act No. 28 of 1999).

The Municipality was able to implement its 2017/18 Workplace Skills Plan (WSP). Funding was received from the Local Government SETA and the Construction SETA, which was utilised for most of the technical and administrative training provided for in the 2017/18 Workplace skills plan. The Local Government SETA also funded bursaries for Municipal Employees to pursue local government related academic studies at all levels

##### 4.4.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

TABLE 177 SKILLS MATRIX

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
Legislators	Female	0	2
	Male	0	2
MM and S57, snr Managers	Female	2	15
	Male	3	4
Professionals	Female	4	11
	Male	5	5
Technicians and Associate Professionals	Female	5	7
	Male	5	15
Clerical Support Workers	Female	5	10
	Male	0	3
Service and Sales Workers	Female	2	1
	Male	6	3
Skilled Agricultural, forestry, Fishery, Craft and related Trade workers	Female	0	0
	Male	4	0
Plant and Machine Operators and Assemblers	Female	0	1
	Male	9	2
Elementary Occupations	Female	18	2
	Male	102	51
<b>Sub total</b>	<b>Female</b>	<b>36</b>	<b>49</b>
	<b>Male</b>	<b>134</b>	<b>85</b>
<b>Total</b>		<b>170</b>	<b>134</b>

#### **4.4.2 SKILLS DEVELOPMENT – TRAINING**

The Skills Development Act (1998) and the MSA require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1) (f) states that, as Head of Administration, the Municipal Manager is responsible for the management, utilization and training of staff.

The table below shows the occupational categories in terms of targeted and actual numbers of employees who received training.

TABLE 178 SKILLS DEVELOPMENT

OCCUPATIONAL CATEGORY			LEARNERSHIP			SKILLS			OTHER				
	GENDER	EMPLOYEE COUNT	ACTUAL PREVIOUS	TARGET	ACTUAL CURRENT	ACTUAL PREVIOUS	TARGET	ACTUAL CURRENT	ACTUAL PREVIOUS	TARGET	ACTUAL CURRENT	TOTAL TARGET	TOTAL ACTUAL
Legislators	Female	4	0	0	0	2	0	2	0	0	0	0	4
	Male	7	0	0	0	2	0	2	0	0	0	0	7
MM and S57, Snr Managers	Female	6	0	0	0	15	2	4	0	0	0	0	4
	Male	17	0	0	0	4	5	15	0	0	0	0	15
Professionals	Female	14	0	0	0	4	7	11	0	0	0	0	11
	Male	11	0	0	0	3	4	5	0	0	0	0	5
Technicians and Associate Professionals	Female	1	0	0	0	6	0	4	0	0	0	0	4
	Male	23	0	0	0	15	10	11	0	0	0	0	11
Clerical Support and Workers	Female	59	0	0	0	10	0	27	0	0	0	0	27
	Male	19	0	0	0	3	0	7	0	0	0	0	7
Services and Sales	Female	0	0	0	0	0	0	6	0	0	0	0	6
	Male	0	0	0	0	0	7	4	0	0	0	0	4
Skilled Agricultural, forestry, Fishery, Craft and related Trade workers	Female	14	0	0	0	0	0	0	0	0	0	0	0
	Male	12	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	Female	0	0	0	0	0	0	0	0	0	0	0	0
	Male	34	0	0	0	2	0	3	0	0	0	0	3
Elementary	Female	33	0	0	0	2		2	0	0	0	0	2
	Male	112	0	0	0	14		14	0	0	0		18
<b>TOTAL</b>		<b>366</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>35</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>123</b>

#### 4.4.3 GENDER MAINSTREAMING IN TERMS OF SKILLS DEVELOPMENT

The table below illustrates how many employees have been given training opportunities, by gender. Of the employees identified for training in 2017/18 financial year, 37% were females and 63% were males. This shows that more male employees than female employees received training opportunities. To have a Gender Sensitive Training Budget we need to ensure that there is a balance in gender when planning for development of females and males. The Municipality will in the future need to focus on Gender Sensitive Training Budget.

TABLE 179 EMPLOYEE ORGANISATIONAL TRAINING AND DEVELOPMENT OPPORTUNITIES

STAFF COMPLEMENT	NUMBER	%
Females	49	37
Males	105	63
<b>TOTAL</b>	<b>154</b>	<b>100</b>

#### 4.4.5 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcome-based NQF Level 6 qualification in Municipal Finance Management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

The plan of action dated 29 August 2012 sent to Treasury (special merit cases), has been achieved over and above the requirement. Our first group of 26 completed their training in January 2013 and the second group of 21 completed their training in July 2014. A third group started in September 2014 and a fourth group in April 2015 that are not part of special merit cases, and mainly comprise newly appointed officials, interns and non-financial officers. This financial year three only staff members are completing the finance minimum competency. New senior management, Finance officials and financial Interns appointed, are currently on training.

The table below provides details of the financial competency development progress as required by the notice:

TABLE 180 FINANCIAL COMPETENCY DEVELOPMENT PROGRESS REPORT

DESCRIPTION	A. TOTAL NUMBER OF OFFICIALS EMPLOYED	B. TOTAL NUMBER OF OFFICIALS EMPLOYED	CONSOLIDATED: TOTAL OF A AND B	CONSOLIDATED: COMPETENCY ASSESSMENTS COMPLETED FOR A AND B	CONSOLIDATED: TOTAL NUMBER OF OFFICIALS WHOSE PERFORMANCE	CONSOLIDATED: TOTAL NUMBER OF OFFICIALS THAT MEET PRESCRIBED
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	BY MUNICIPALITY (REGULATION 14(4)(A) AND (C))	BY MUNICIPAL ENTITIES (REGULATION 14(4)(A) AND (C))		(REGULATION 14(4)(B) AND (D))	AGREEMENTS COMPLY WITH REGULATION 16 (REGULATION 14(4)(F))	COMPETENCY LEVELS (REGULATION 14(4)(E))
<b>Financial Officials</b>						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	3	0	3	3	3	3
Any other financial officials	34	0	34	30	na	30
<b>Supply Chain Management Officials</b>						
Heads of supply chain management units	1	0	1	1	na	1
Supply chain management senior managers	0	0	0	0	na	0

#### 4.4.6 SKILLS DEVELOPMENT – BUDGET ALLOCATION

An amount of R1 450 000.00 of the allocated budget of R1 398 351.05 was spent on training. Funding was also received from the Sector Education and Training Authority (SETA). All planned skills training was done and we utilised the funding received from the SETA to provide technical and administrative training. The training budget for this financial year was successfully utilised for CAM employees.

TABLE 181 BUDGET ALLOCATED AND SPENT FOR SKILLS DEVELOPMENT

YEAR	TOTAL OPERATIONAL BUDGET	TOTAL ALLOCATED FOR TRAINING	TOTAL SPENT	% SPEND
2016/17	R 279 470 030.00	1 450 000.00	R1 222 683.00	0.43%
2017/18	R 115,542,164.00	1450 000.00	R1 398 351.05	1.19%

#### 4.5 MUNICIPAL WORKFORCE EXPENDITURE

The percentage personnel expenditure is essential to the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the Municipality is at the national norm of between 35 to 40%:

TABLE 182 TOTAL PERSONNEL EXPENDITURE

FINANCIAL YEAR	TOTAL EXPENDITURE SALARY AND ALLOWANCES R'000	TOTAL OPERATING EXPENDITURE R'000	PERCENTAGE %
2016/17	112 675	2 677 040	40.32
2017/18	115 542	290 724	39.74

Below is a summary of Councillor and staff benefits for the year under review. The increase in salary expenditure year-on-year is due to the filling of critical service delivery positions.

TABLE 183 DETAIL OF PERSONNEL EXPENDITURE

FINANCIAL YEAR	2016/17	2017/18		
DESCRIPTION	ACTUAL R'000	ORIGINAL BUDGET R'000	ADJUSTED BUDGET R'000	ACTUAL R'000
<b>Councillors (Political Office Bearers plus Other)</b>				
Salary	2,820	3,063	3 063	3 080
Pension contributions	541	545	545	515
Medical aid contributions		48	48	60
Motor vehicle allowance	1,112	1,218	1 218	1 163
Cell phone allowance	270	270	270	241
Other allowance				
<b>Sub Total</b>	<b>4,743</b>	<b>5,145</b>	<b>5 145</b>	<b>5 059</b>
<b>% increase/ (decrease)</b>	<b>23.59%</b>	<b>8.47%</b>		
<b>Key Personnel</b>				
Basic salaries and wages	4434	3 916	3 4 14	4 347
Pension and medical aid and UIF contributions	1079	901	901	472
Motor vehicle allowance	399	292	292	314
Cell phone allowance	40	14	14	28
Housing allowance				
Performance bonus	627	524	524	260
Other benefits or allowances	187	449	449	543
<b>Sub Total</b>	<b>6767</b>	<b>6 096</b>	<b>5 595</b>	<b>5 965</b>
<b>% increase/ (decrease)</b>	<b>6.18%</b>			
<b>Other Staff</b>				
Basic salaries and wages	68 838	73 805	73 383	74 159
Pension and UIF contributions	10 828	11 861	11 861	11 907
Medical aid contributions	3 706	3 844	3 844	4 124
Motor vehicle allowance	5 023	5 067	5 067	5 277
Cell phone allowance	376	364	364	411
Housing allowance	1 014	951	951	1 002
Overtime	3 398	3 402	3 402	3 613
Performance bonus	0			

Other benefits or allowances	7402	11 789	10 748	9 084
<b>Sub Total</b>	<b>100 586</b>	<b>111 083</b>	<b>111 008</b>	<b>109 577</b>
<b>Total Municipality</b>	<b>112 096</b>	<b>117 179</b>	<b>116 603</b>	<b>115 542</b>
<b>Total managers and staff</b>	2,820			

## CHAPTER 5: FINANCIAL PERFORMANCE

This Chapter provides an overview of the Municipality's performance in terms of the National Key Performance Area (KPA) of **financial viability** as contained in the Local Government: Municipal Planning and Performance Management Regulations of 2001 read together with Section 43 of the MSA.

### 5.1 OVERVIEW BY THE CHIEF FINANCIAL OFFICER

#### a) Introduction

The 2017/18 financial year was one of the most challenging financial years in local government history, due to the implementation of the financial reforms - municipal standard chart of accounts (mSCOA) effective from 1 July 2017 as well as the new financial system to accommodate these reforms. Despite this, Cape Agulhas Municipality remains focused and committed to ensuring good governance through sound financial management in an effort to provide affordable, quality and sustainable services within its legislative mandate.

South Africa has experienced a period of protracted economic weakness, which diminishes private investment, which could be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy slightly recovered after a short recession in early 2017; however, the improvement was insufficient due to the continued risks associated with the economic outlook in terms of policy uncertainty and the deterioration in the finances of state-owned entities. The drought that was experienced in several provinces also had a significant impact on the agriculture and tourism industry, which may threaten jobs in these sectors. The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely because of growth in agriculture and mining.

The latest IHS Global Insight update of the Cape Agulhas economy reveals that the average economic growth rate during the past 5 years was 1.7% per annum which reflected slightly less than the anticipated growth rate forecasted by National Treasury of between 1.8 per cent and 2.1 per cent over the next medium term period of three years. These economic challenges will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is required for revenue projections and improved efforts to limit non-priority spending. The Municipality through its Long Term Financial Plan Strategy made an effort to reprioritise its expenditure with the focus on service delivery needs and started with the implementation of stringent cost containment measures aligned with National Treasury directives. The Municipality will have to increase its debt collection rate in excess of 98% in order to demonstrate its ability to spend according to the service delivery and budget implementation plan on key service delivery areas as identified. The implementation of infrastructure and other related projects in the current financial year reflects slightly above the anticipated target of 95%.

The Municipality's financial position is very finely balanced, and as a result, the revenue needs to be correctly priced / collected whilst expenditure needs to be carefully managed within the Municipality's financial capacity. Cash and investments increased in comparison with the previous financial year and the municipality continues with its effort to improve the liquidity profile of the municipality by maintaining a credit score of A through managing credit risk factors such as collection levels, liquidity levels and operational management. The focus therefore remains on strong curtailment of operational expenditure, liquidity and the building of

a cash backed capital replacement reserve (CRR) to cater for future asset replacement expenses and new developments.

The Cape Agulhas Municipality has managed to improve its financial position aligned with the Long Term Financial Plan strategy through efficiency and sound financial practices. The Community Wealth (CRR and Unappropriated Surplus) has increased from approximately R309,28 million to R331,54 million for the financial year under review mainly as a result to increased cash and the Capital Replacement Reserve (CRR) accordingly.

The following paragraphs provide an overview of the municipality's financial performance for the year under review:

## b) Operating Results

The Municipality has achieved an operating surplus to the amount of R22,25 million. The positive results are mainly due to an increase in traffic fines issued, contributed assets and gains on the disposal of identified properties and savings accrued in respect of bulk purchases – electricity, employee related costs and transfer and grants. The operating results for the year ended 30 June 2018 are as follows:

TABLE 184 OPERATING RESULTS 2017/18

DETAILS	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL
<b>Income</b>			
Grants - Operational	55,133,501	60,448,808	37,463,553
Grants - Capital	12,969,499	12,269,499	20,159,506
Taxes, Levies and tariffs	213,000,254	213,000,254	211,081,512
Other	25,631,035	32,258,134	44,294,020
<b>Sub Total</b>	<b>306,734,289</b>	<b>317,976,695</b>	<b>312,998,591</b>
Less: Expenditure	308,921,678	314,632,200	290,748,498
<b>Net Total*</b>	<b>(2,187,389)</b>	<b>3,344,495</b>	<b>22,250,093</b>

The Municipality's performance, when compared to the budget, must be seen in the context of conservative budgeting practices and the application of strict expenditure control measures aligned with the municipality's budget and virement policy.

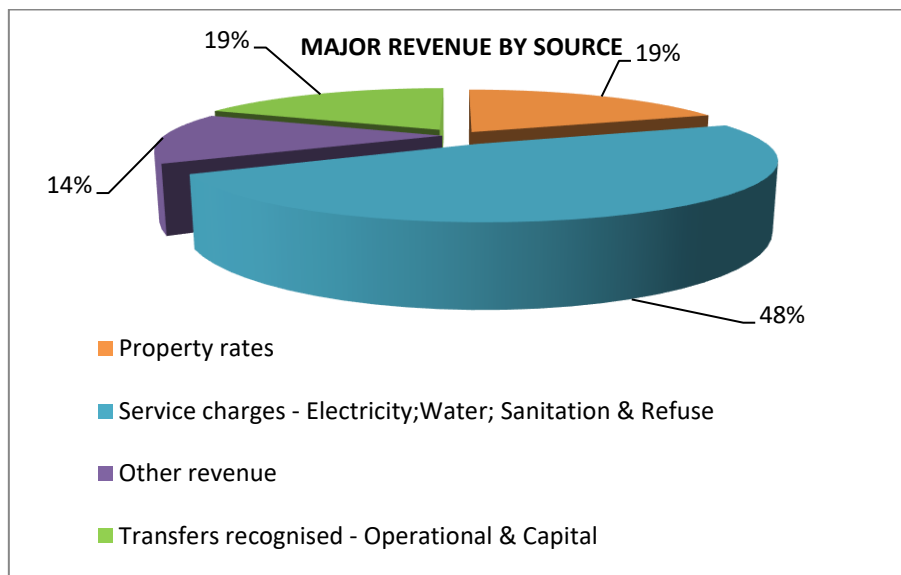
### ▪ Operating Revenue

The major revenue streams that supported the programmes and activities of the municipality were:

- Property Rates
- Service Charges – Electricity, water, sanitation and refuse
- Grants and Subsidies – Operating & capital
- Other Revenue: - Rental of facilities, interest earned, agency services, fines & other income

The following graph indicates the main categories of revenue for the year under review:

FIGURE 11 MAJOR REVENUE BY SOURCE



The main sources of revenue (67%) are received by way of Property Rates and Service Charges (Own Funding) whilst 19% are received from grants and subsidies in terms of the Division of Revenue Act (DoRA) as well as contributed assets. Conditional grant allocations from Government and other sources are only recognized as revenue to the extent that there has been compliance with the conditions associated with such amounts received.

#### ▪ Operating Expenditure

The following graph indicates the main categories of expenditure for the year under review:

FIGURE 12 OPERATING EXPENDITURE BY TYPE

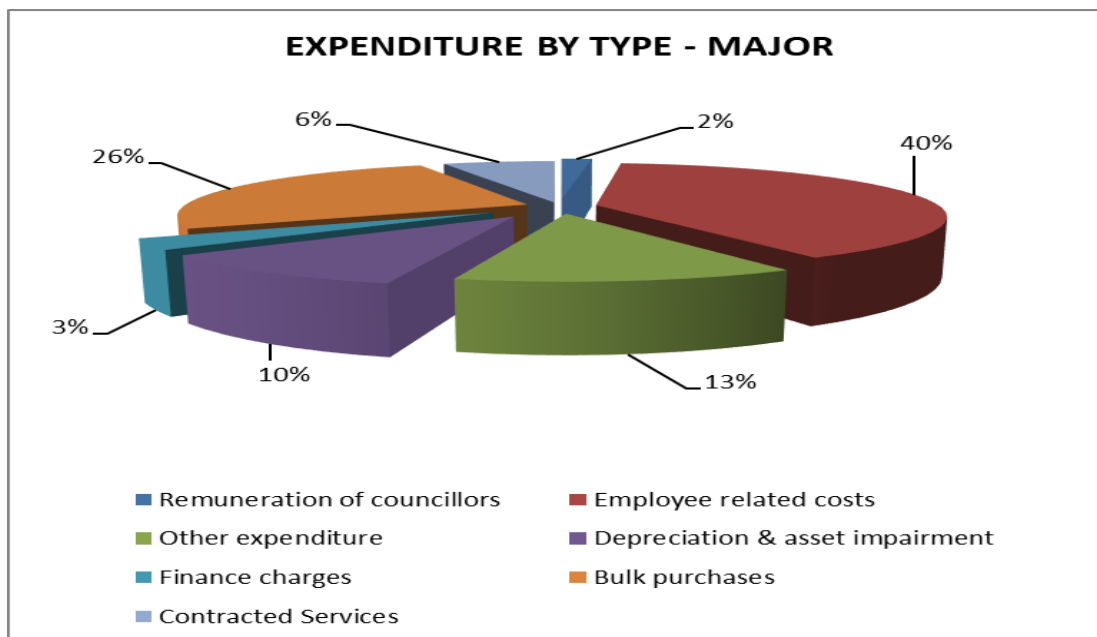


TABLE 185 OPERATING RATIOS

RATIO	%
Employee Cost (Excl. Councillor Remuneration)	39,74%
Bulk Purchases	25,92%
Contracted Services	6,33%
Finance Charges	3,24%
Depreciation & Debt Impairment	10,39%

The Municipality's Employee Cost ratio of 39.74% (Excl. Councillors Remuneration) is the biggest cost driver and is high compared to the municipal norm of 25%-40% set by National Treasury. The approved Long Term Financial Plan identifies it as one of the key challenges and the Municipality is in process of addressing this to ensure future financial sustainability.

Depreciation / Debt Impairment increased by R8,21 million compared to the previous financial year mainly due to the increase in debt impairment for traffic fines and services as a result of the lack of appropriate credit control procedures due to the implementation of the new financial system.

#### c) Appropriations ( Accumulated Surplus / Deficit)

Appropriations for the year amount to a net inflow of R12,250 million which can mainly be attributed to:

▪ Net Surplus for the year	R 22 250 093
▪ Transfer to Capital Replacement Reserve	(R17 389 605)
▪ Property, Plant and Equipment purchased	R 7 389 605

#### d) Capital Expenditure

Actual expenditure incurred on fixed assets represents an efficiency rate of 95,48% compared to the previous financial year's percentage at 86,21%.

#### e) Conditional Government Grants

Except for the Department of Cultural Affairs & Sport and the Finance Management Support Grant all other conditional grants have been dealt with in compliance with DoRA with a 100% expenditure rate for the financial year under review. The one unspent conditional grant in respect of the Sports Academy – Floodlighting has been rolled over to the new financial year to the total amount of R400 000. Unspent grants reflected at financial year end are fully cash backed as defined in the municipality's accounting policy

#### f) External Borrowings

The Municipality reflects external loans to the total amount of R19,26 million from ABSA Bank and Nedbank as at the end of 30 June 2018. Some financial ratios relevant to external borrowings are:

	<u>2017/18</u>	<u>2016/17</u>
Interest Bearing Debt to Own Revenue (Excluding Grants)	7,54%	1,14%

Although the ratio for External Gearing remained low at 7,54% compare to the norm of 45% by National Treasury, %, the potential for Cape Agulhas' to borrow remains limited to the order of 30% due to the current cash position of the Municipality. However, the Municipality is in a strong position to provide assurance that sufficient revenue will be generated to repay its liabilities and have put measures in place in terms of the Long Term Financial Plan Strategy to address the declining cash position of the municipality over the recent years.

#### **g) Cash and Investments**

The Municipality's cash and investments to the amount of R47,76 million reflect an increase of R23,40 million compared to the previous financial year. The Municipality currently does not have adequate cash available to cover its operating requirements with a cash coverage of at least three months of the average operational expenditure as per National Treasury best practice guidelines. At the moment the ratio reflects at less than one month at 2,26 which has been identified as risk for improvement in terms of the Long Term Financial Plan Strategy with specific measures on how to improve the Municipality's cash position.

#### **h) Outstanding receivables**

The total nett outstanding receivables decreased by R4,15 million compared to the previous financial year. The reported debtor payment ratio reflects slightly above the National Treasury norm of 95% at 96,50% for the financial year under review and the Municipality in terms of the Long Term Financial Plan Strategy target the debt collection rate must remain above 97% to remain financially viable.

#### **i) Outstanding Payables**

There is a decrease of outstanding payables to the amount of R7,47 million compared to the previous financial year. Some financial ratios relevant to payables are:

	<u>2017/18</u>	<u>2016/17</u>
Creditors system efficiency	100%	100%

A trademark of the Municipality is its commitment and ability to settle in full its creditors' accounts within the required terms of 30 days or as per applicable legislative requirement. This statement is supported by the constant 100% payment levels to creditors.

#### **j) Ratio Analysis / Benchmarks**

Financial viability and sustainability is one of the key performance areas of the Municipality as determined in the IDP. In order to ensure that the Municipality maintains a healthy financial position, appropriate financial ratios / benchmarks are used to assist the Municipality in assessing its financial wealth.

	<u>2017/18</u>	<u>2016/17</u>
Liquidity - Current Ratio	1.80:1	1.27:1

The Liquidity ratio increased from 1.27:1 in 2016/17 to 1.80:1 for the financial year under review. The Municipality performed above the National Treasury norm of 1.5:1 and slightly under the Long Term Financial Plan Strategy ratio target of 2,00:1.



**k) Conclusion**

According to the key financial indicators, the Municipality has managed to sustain its healthy financial position and in some instances even improved compared to the previous financial year's ratio indicators. The constant decrease in the debtor's collection rate as well as the increase in employee related expenditure as the biggest cost driver remains a concern for immediate action to ensure the long term financial sustainability of the Municipality.

**COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE**

The Statement of Financial Performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

**5.2 FINANCIAL SUMMARY**

The table below provides a summary of the financial performance of the Municipality for the 2017/18 financial year:

**TABLE 186 SUMMARY OF FINANCIAL PERFORMANCE**

DESCRIPTION	2016/17	2017/18		ACTUAL	2017/18 VARIANCE	
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUSTED BUDGET		ORIGINAL BUDGET	ADJUST- MENTS BUDGET
	R'ooo				%	
Financial Performance						
Property rates	54 802	64 943	60 143	60 732	-6.93	0.97
Service charges	139 117	161 871	152 857	150 350	-7.66	-1.67
Investment revenue	2 131	2 215	2 060	2 821	21.51	26.98
Transfers recognised - operational	33 935	57 206	58 299	37 464	-52.70	-55.61
Other own revenue	29 550	25 680	31 194	41 416	38.00	24.68
Total Revenue (excluding capital transfers and contributions)	259 534	311 915	304 553	292 783	-6.53	-4.02
Employee costs	107 932	124 122	116 603	115 542	-7.43	-0.92
Remuneration of councillors	4 743	5 531	5 145	5 060	-9.30	-1.68
Depreciation & asset impairment	11 020	11 590	10 232	30 196	61.62	66.11
Finance charges	9 307	9 212	9 666	9 433	2.34	-2.48
Materials and bulk purchases	73 082	80 512	76 798	75 358	-6.84	-1.91
Transfers and grants	1 465	2 685	2 808	1 398	-92.01	-100.86
Other expenditure	60 525	87 511	93 009	53 762	-62.78	-73.00
Total Expenditure	268 074	321 162	314 262	290 748	-10.46	-8.09
Surplus/(Deficit)	(8 540)	(9 248)	(9 710)	2 034	554.64	577.35
Transfers recognised - capital	10 816	13 001	18 104	12 457	-4.37	-45.34
Contributions recognised - capital & contributed assets	755	–	–	7 759	100.00	100.00
Surplus/(Deficit) after capital transfers & contributions	3 031	3 753	8 395	22 250	83.13	62.27
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	10 816	13 001	17 592	12 457	-4.37	-41.23
Public contributions & donations	885	–	1 000	7 703	100.00	87.02
Borrowing	2 620	6 983	5 008	4 484	-55.74	-11.70
Internally generated funds	9 959	9 699	10 617	7 390	-31.25	-43.67
Total sources of capital funds	24 280	29 682	34 217	32 033	7.34	-6.82
Financial position						
Total current assets	62 425	47 366	41 845	81 715	42.03	48.79
Total non-current assets	415 477	450 324	431 880	433 484	-3.88	0.37
Total current liabilities	49 360	40 421	44 194	45 334	10.84	2.51

Total non-current liabilities	119 252	150 626	129 151	138 325	-8.89	6.63
Community wealth/Equity	309 290	306 643	300 380	331 540	7.51	9.40
<b>Cash flows</b>						
Net cash from (used) operating	34 497	13 909	11 790	25 700	45.88	54.12
Net cash from (used) investing	(24 125)	(27 137)	(32 486)	(19 072)	-42.29	-70.33
Net cash from (used) financing	(394)	3 609	4 096	16 779	78.49	75.59
<b>Cash/cash equivalents at the year end</b>	<b>9 978</b>	<b>(9 619)</b>	<b>(16 599)</b>	<b>23 407</b>	141.10	170.92
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available		6 415	7 762	-	-	-
Application of cash and investments		(4 884)	11 238	-	-	-
<b>Balance - surplus (shortfall)</b>	<b>-</b>	<b>1 531</b>	<b>19 000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Asset management</b>						
Asset register summary (WDV)	477 902	432 259	431 880	433 484	0.28	0.37
Depreciation & asset impairment	11 020	11 590	10 232	12 035	3.70	14.98
Renewal of Existing Assets		6 215	20 529	23 241	73.26	11.67
Repairs and Maintenance		56 693			#DIV/o!	#DIV/o!
<b>Free services</b>						
Cost of Free Basic Services provided	8 008	8 008	8 008	8 008	0.00	0.00
Revenue cost of free services provided	-	8 036	9 300	9 289	13.49	-0.12
<b>Households below minimum service level</b>						
Water:	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-
Energy:	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1.						

The table below shows a summary of performance against budgets for the 2017/18 financial year:

TABLE 187 PERFORMANCE AGAINST BUDGETS

FINANCIAL YEAR	REVENUE (R'000)				OPERATING EXPENDITURE (R'000)			
	BUDGET	ACTUAL	DIFF.	%	BUDGET	ACTUAL	DIFF.	%
2016/17	276 070	271 105	(465)	-2	286 94	268 74	18 920	7
2017/18	322 657	312 999	(958)	-3	314 262	290 48	23 514	7

### 5.2.1 REVENUE COLLECTION BY VOTE

The table below indicates the revenue collection performance by vote for the 2017/18 financial year:

TABLE 188 REVENUE BY VOTE

VOTE DESCRIPTION	2016/17	2017/18			2017/18 VARIANCE	
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	ORIGINAL BUDGET	ADJUST- MENTS BUDGET
	R'ooo				%	
Vote 1 - Executive & Council	13 252	25 190	25 190	25 237	0.18	0.18
Vote 2 - Budget & Treasury	60 456	66 723	72 358	78 435	14.93	7.75
Vote 3 - Corporate Services	1 322	1 714	2 014	4 824	64.47	58.25
Vote 4 - Community & Public Safety	27 333	46 536	54 533	28 995	-60.50	-88.08
Vote 5 - Civil Engineering Services	48 212	166 571	166 979	167 805	0.74	0.49
Vote 6 - Electro-technical Services	89 128	-	-	-	-	-
Vote 7 - Other	6 351	-	-	-	-	-
Total Revenue by Vote	246 054	306 734	321 074	305 296	-0.47	-5.17
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

### 5.2.2 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2017/18 financial year:

TABLE 189 REVENUE BY SOURCE

DESCRIPTION	2016/17		2017/18		2017/18 VARIANCE	
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	ORIGINAL BUDGET	ADJUST- MENTS BUDGET
	R'ooo			%		
Property rates	54 802	64 943	60 143	60 732	-6.93	0.97
Property rates - penalties & collection charges	-	-	-	-		
Service Charges - electricity revenue	95 237	103 306	103 306	102 079	-1.20	-1.20
Service Charges - water revenue	24 474	24 342	24 342	22 484	-8.26	-8.26
Service Charges - sanitation revenue	11 350	9 486	9 486	10 346	8.31	8.31
Service Charges - refuse revenue	16 956	15 723	15 723	15 440	-1.83	-1.83
Service Charges - other		-	-	-	#DIV/o!	#DIV/o!
Rentals of facilities and equipment	7 787	2 001	2 056	9 351	78.60	78.02
Interest earned - external investments	2 131	2 215	2 060	2 821	21.51	26.98
Interest earned - outstanding debtors	1 564	1 627	1 496	1 319	-23.32	-13.39
Dividends received		-	-	-	#DIV/o!	#DIV/o!
Fines	6 419	9 964	9 268	11 808	15.62	21.52
Licences and permits	1 109	65	61	1 319	95.09	95.41
Agency services	1 615	2 514	2 419	1 854	-35.58	-30.43
Transfers recognised - operational	33 735	57 206	58 299	37 464	-52.70	-55.61

Other revenue	3 111	31 523	33 999	23 523	-34.01	-44.53
Gains on disposal of PPE					#DIV/o!	#DIV/o!
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>260 289</b>	<b>324 915</b>	<b>322 657</b>	<b>300 542</b>	<b>-8.11</b>	<b>-7.36</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

### 5.2.3 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the operational services performance for the 2017/18 financial year:

TABLE 190 OPERATIONAL SERVICES PERFORMANCE

DESCRIPTION	2016/17	2017/18			2017/18 VARIANCE	
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	ORIGINAL BUDGET	ADJUST- MENTS BUDGET
	R'000				%	
Operating Cost						
Water	10 490	10 603	10 603	9 038	-17.32	-17.32
Waste Water (Sanitation)	2 681	(803)	(873)	508	258.22	272.01
Electricity	15 337	16 540	16 540	19 107	13.43	13.43
Waste Management	2 063	(3 339)	(3 339)	(2 524)	-32.30	-32.30
Housing	(1 544)	(1 695)	(11 009)	5 010	133.83	319.76
Component A: sub-total	29 027	21 306	11 922	31 138	31.57	61.71
Roads and Stormwater	(11 303)	(15 030)	(15 030)	(15 447)	2.70	2.70
Transport						
Component B: sub-total	(11 303)	(15 030)	(15 030)	(15 447)	2.70	2.70
Planning	(4 954)	(3 124)	(3 124)	(2 275)	-37.31	-37.31
Local Economic Development						
Component C: sub-total	(4 954)	(3 124)	(3 124)	(2 275)	-37.31	-37.31
Libraries	1 052	485	486	352	-37.77	-38.06
Social services & community development	(1 235)	(4 232)	(4 232)	(2 811)	-50.56	-50.56
Component D: sub-total	(182)	(3 747)	(3 746)	(2 459)	-52.39	-52.34
Environmental Protection (Pollution control, bio-diversity, landscape, open spaces, parks, and coastal protection)	(524)	(779)	(779)	(873)	10.81	10.81
Component E: sub-total	(524)	(779)	(779)	(873)	10.81	10.81
Traffic & licensing	(2 563)	(1 040)	(1 040)	(1 251)	16.91	16.91
Fire Serices and Disaster Management						
Component F: sub-total	(2 563)	(1 040)	(1 040)	(1 251)	16.91	16.91
Holiday Resorts and Campsites	925	(349)	(349)	951	136.68	136.68
Swimming Pools, Stadiums and Sport Ground	(3 353)	(3 510)	(3 510)	(3 666)	4.26	4.26
Community halls, facilities, Thusong centres	(1 006)	(4 018)	(4 018)	(3 797)	-5.81	-5.81
Component G: sub-total	(3 434)	(7 876)	(7 876)	(6 512)	-20.94	-20.94
Financial Services	31 984	25 472	28 112	31 765	19.81	11.50
Office of the MM	(2 516)	(2 868)	(2 868)	(2 593)	-10.59	-10.59
Administration	(1 665)	(3 342)	(3 342)	(2 865)	-16.68	-16.68
HR	(4 889)	(9 066)	(9 066)	(5 975)	-51.74	-51.74
Component H: sub-total	22 914	10 196	12 836	20 333	49.85	36.87

<b>Total Expenditure</b>	<b>28 981</b>	<b>(93)</b>	<b>(6 837)</b>	<b>22 653</b>	100.41	130.18
In this table, operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

### 5.3 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

#### 5.3.1 WATER SERVICES

TABLE 191 FINANCIAL PERFORMANCE: WATER SERVICES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'ooo				%
<b>Total Operational Revenue</b>	25 162	24 344	24 344	23 354	<b>-4.24</b>
<b>Expenditure:</b>					
Employees	8 736	9 674	8 532	8 755	<b>-10.50</b>
Repairs and Maintenance	–	–	–	–	-
Other	5 936	4 067	5 209	5 561	<b>26.86</b>
<b>Total Operational Expenditure</b>	<b>14 672</b>	<b>13 741</b>	<b>13 741</b>	<b>14 316</b>	<b>4.02</b>
<b>Net Operational (Service)</b>	<b>10 490</b>	<b>10 603</b>	<b>10 603</b>	<b>9 038</b>	<b>-17.32</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

#### 5.3.2 WASTE WATER (SANITATION)

TABLE 192 FINANCIAL PERFORMANCE: WASTE WATER (SANITATION) SERVICES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'ooo				%
<b>Total Operational Revenue</b>	11 672	9 508	9 508	10 628	<b>10.54</b>
<b>Expenditure:</b>					
Employees	5 090	5 508	5 508	4 895	<b>-12.53</b>
Repairs and Maintenance	–	–	–	–	-
Other	3 901	4 803	4 873	5 225	<b>8.07</b>
<b>Total Operational Expenditure</b>	<b>8 991</b>	<b>10 311</b>	<b>10 381</b>	<b>10 120</b>	<b>-1.89</b>
<b>Net Operational (Service)</b>	<b>2 681</b>	<b>(803)</b>	<b>(873)</b>	<b>508</b>	<b>258.22</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.3 ELECTRICITY

TABLE 193 FINANCIAL PERFORMANCE: ELECTRICITY

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	97 763	104 438	104 438	105 761	1.25
<b>Expenditure:</b>					
Employees	5 886	7 214	6 742	5 886	-22.55
Repairs and Maintenance	–	–	–	–	–
Other	76 540	80 684	81 156	80 768	0.10
<b>Total Operational Expenditure</b>	82 427	87 898	87 898	86 654	-1.44
<b>Net Operational (Service)</b>	15 337	16 540	16 540	19 107	13.43
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.4 WASTE MANAGEMENT

TABLE 194 FINANCIAL PERFORMANCE: WASTE MANAGEMENT

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	16 983	15 723	15 723	15 674	-0.32
<b>Expenditure:</b>					
Employees	4 789	5 136	5 136	5 274	2.62
Repairs and Maintenance	–	–	–	–	–
Other	10 131	13 926	13 926	12 924	-7.76
<b>Total Operational Expenditure</b>	14 921	19 062	19 062	18 198	-4.75
<b>Net Operational (Service)</b>	2 063	(3 339)	(3 339)	(2 524)	-32.30
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.5 ROADS AND STORMWATER

TABLE 195 FINANCIAL PERFORMANCE: ROADS AND STORMWATER

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>					
<b>Expenditure:</b>					
Employees	7 724	8 986	8 986	9 391	4.31
Repairs and Maintenance	–	–	–	–	–
Other	3 579	6 044	6 044	6 056	0.20
<b>Total Operational Expenditure</b>	11 303	15 030	15 030	15 447	2.70
<b>Net Operational (Service)</b>	(11 303)	(15 030)	(15 030)	(15 447)	2.70

Variances are calculated by dividing the difference between the actual and original budget by the actual.

### 5.3.6 LIBRARIES

TABLE 196 FINANCIAL PERFORMANCE: LIBRARIES

DESCRIPTION	2017/18	2016/17			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	5 616	5 654	5 654	5 672	0.31
<b>Expenditure:</b>					
Employees	2 854	4 615	4 615	4 907	5.95
Repairs and Maintenance	–	–		–	–
Other	1 709	554	553	413	-34.14
<b>Total Operational Expenditure</b>	<b>4 564</b>	<b>5 169</b>	<b>5 168</b>	<b>5 320</b>	<b>2.84</b>
<b>Net Operational (Service)</b>	<b>1 052</b>	<b>485</b>	<b>486</b>	<b>352</b>	<b>-37.77</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.7 ENVIRONMENTAL PROTECTION

TABLE 197 FINANCIAL PERFORMANCE: ENVIRONMENTAL PROTECTION

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	–	–	–	–	–
<b>Expenditure:</b>					
Employees	352	614	614	637	3.71
Repairs and Maintenance	–	–	–	–	–
Other	173	165	165	236	29.98
<b>Total Operational Expenditure</b>	<b>524</b>	<b>779</b>	<b>779</b>	<b>873</b>	<b>10.81</b>
<b>Net Operational (Service)</b>	<b>(524)</b>	<b>(779)</b>	<b>(779)</b>	<b>(873)</b>	<b>10.81</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual..					

### 5.3.8 SOCIAL SERVICES AND COMMUNITY DEVELOPMENT

TABLE 198 FINANCIAL PERFORMANCE: SOCIAL SERVICES AND COMMUNITY DEVELOPMENT

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	546	1 322	1 322	195	-576.97
<b>Expenditure:</b>					
Employees	1 381	3 737	3 737	2 186	-70.98
Repairs and Maintenance	–	–	–	–	–
Other	399	1 817	1 817	820	-121.47



<b>Total Operational Expenditure</b>	<b>1 781</b>	<b>5 554</b>	<b>5 554</b>	<b>3 006</b>	<b>-84.76</b>
<b>Net Operational (Service)</b>	<b>(1 235)</b>	<b>(4 232)</b>	<b>(4 232)</b>	<b>(2 811)</b>	<b>-50.56</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.9 TRAFFIC AND LAW ENFORCEMENT

TABLE 199 PERFORMANCE: TRAFFIC AND LAW ENFORCEMENT

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>9 671</b>	<b>11 857</b>	<b>11 857</b>	<b>15 196</b>	<b>21.97</b>
<b>Expenditure:</b>					
Employees	6 207	7 460	7 460	7 123	-4.74
Repairs and Maintenance	-	-	-	-	-
Other	6 028	5 437	5 437	9 324	41.70
<b>Total Operational Expenditure</b>	<b>12 234</b>	<b>12 897</b>	<b>12 897</b>	<b>16 447</b>	<b>21.59</b>
<b>Net Operational (Service)</b>	<b>(2 563)</b>	<b>(1 040)</b>	<b>(1 040)</b>	<b>(1 251)</b>	<b>16.91</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.10 HOLIDAY RESORTS AND CAMPSITES

TABLE 200 FINANCIAL PERFORMANCE: HOLIDAY RESORTS AND CAMPSITES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>6 203</b>	<b>6 364</b>	<b>6 364</b>	<b>7 295</b>	<b>12.76</b>
<b>Expenditure:</b>					
Employees	3 797	3 886	3 886	3 830	-1.46
Repairs and Maintenance	-	-	-	-	-
Other	1 480	2 827	2 827	2 514	-12.43
<b>Total Operational Expenditure</b>	<b>5 278</b>	<b>6 712</b>	<b>6 712</b>	<b>6 344</b>	<b>-5.81</b>
<b>Net Operational (Service)</b>	<b>925</b>	<b>(349)</b>	<b>(349)</b>	<b>951</b>	<b>136.68</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.11 SWIMMING POOLS AND SPORT GROUNDS

TABLE 201 FINANCIAL PERFORMANCE: SWIMMING POOLS AND SPORT GROUNDS

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>195</b>	<b>734</b>	<b>734</b>	<b>367</b>	<b>-99.85</b>
<b>Expenditure:</b>					

Employees	2 674	3 302	3 302	3 381	2.36
Repairs and Maintenance	–	–	–	–	–
Other	873	942	942	652	-44.51
<b>Total Operational Expenditure</b>	<b>3 547</b>	<b>4 244</b>	<b>4 244</b>	<b>4 033</b>	<b>-5.22</b>
<b>Net Operational (Service)</b>	<b>(3 353)</b>	<b>(3 510)</b>	<b>(3 510)</b>	<b>(3 666)</b>	<b>4.26</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.12 COMMUNITY FACILITIES AND THUSONG CENTRES

TABLE 202 FINANCIAL PERFORMANCE: COMMUNITY FACILITIES AND THUSONG CENTRES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>101</b>	<b>109</b>	<b>109</b>	<b>162</b>	<b>32.71</b>
<b>Expenditure:</b>					
Employees	815	2 589	2 589	2 509	-3.19
Repairs and Maintenance	–	–	–	–	#DIV/o!
Other	291	1 538	1 538	1 451	-6.03
<b>Total Operational Expenditure</b>	<b>1 106</b>	<b>4 127</b>	<b>4 127</b>	<b>3 959</b>	<b>-4.23</b>
<b>Net Operational (Service)</b>	<b>(1 006)</b>	<b>(4 018)</b>	<b>(4 018)</b>	<b>(3 797)</b>	<b>-5.81</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.13 OFFICE OF THE MUNICIPAL MANAGER

TABLE 203 FINANCIAL PERFORMANCE: OFFICE OF THE MUNICIPAL MANAGER

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>		–	–	–	-
<b>Expenditure:</b>					
Employees	2 047	2 349	2 349	2 110	-11.31
Repairs and Maintenance	–	–	–	–	–
Other	469	519	519	483	-7.43
<b>Total Operational Expenditure</b>	<b>2 516</b>	<b>2 868</b>	<b>2 868</b>	<b>2 593</b>	<b>-10.59</b>
<b>Net Operational (Service)</b>	<b>(2 516)</b>	<b>(2 868)</b>	<b>(2 868)</b>	<b>(2 593)</b>	<b>-10.59</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.14 ADMINISTRATION

TABLE 204 FINANCIAL PERFORMANCE: ADMINISTRATION

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>		1 714	1 714	2 141	19.94
<b>Expenditure:</b>					
Employees	1 332	3 751	3 751	3 740	-0.29
Repairs and Maintenance	–	–	–	–	–
Other	333	1 306	1 306	1 265	-3.19
<b>Total Operational Expenditure</b>	1 665	5 056	5 056	5 005	-1.02
<b>Net Operational (Service)</b>	(1 665)	(3 342)	(3 342)	(2 865)	-16.68

Variances are calculated by dividing the difference between the actual and original budget by the actual.

### 5.3.15 HUMAN RESOURCES

TABLE 205 FINANCIAL PERFORMANCE: HUMAN RESOURCES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	849	–	300	3 089	100.00
<b>Expenditure:</b>					
Employees	3 964	6 691	6 691	6 313	-5.99
Repairs and Maintenance	–	–	–	–	–
Other	1 774	2 375	2 675	2 750	13.66
<b>Total Operational Expenditure</b>	5 738	9 066	9 366	9 063	-0.03
<b>Net Operational (Service)</b>	(4 889)	(9 066)	(9 066)	(5 975)	-51.74

Variances are calculated by dividing the difference between the actual and original budget by the actual.

### 5.3.16 FINANCIAL SERVICES

TABLE 206 FINANCIAL PERFORMANCE: FINANCIAL SERVICES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	61 263	66 723	72 358	78 435	14.93
<b>Expenditure:</b>					
Employees	13 466	20 885	22 145	21 312	2.00
Repairs and Maintenance	–	–	–	–	–
Other	15 813	20 365	22 102	25 359	19.69
<b>Total Operational Expenditure</b>	29 279	41 251	44 246	46 671	11.61

<b>Net Operational (Service)</b>	<b>31 984</b>	<b>25 472</b>	<b>28 112</b>	<b>31 765</b>	<b>19.81</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.17 HOUSING

TABLE 207 FINANCIAL PERFORMANCE: HOUSING

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	–	20 450	20 450	6 804	-200.54
<b>Expenditure:</b>					–
Employees	1 440	1 532	1 532	1 651	7.22
Repairs and Maintenance	–	–	–	–	–
Other	104	20 613	29 927	144	-14226.06
<b>Total Operational Expenditure</b>	<b>1 544</b>	<b>22 145</b>	<b>31 459</b>	<b>1 795</b>	<b>-1133.89</b>
<b>Net Operational (Service)</b>	<b>(1 544)</b>	<b>(1 695)</b>	<b>(11 009)</b>	<b>5 010</b>	<b>133.83</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.18 PLANNING

TABLE 208 FINANCIAL PERFORMANCE: PLANNING

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	1 212	270	270	489	44.84
<b>Expenditure:</b>					
Employees	4 335	2 224	2 224	2 253	1.26
Repairs and Maintenance	–	–	–	–	–
Other	1 831	1 170	1 170	511	-128.75
<b>Total Operational Expenditure</b>	<b>6 166</b>	<b>3 394</b>	<b>3 394</b>	<b>2 764</b>	<b>-22.79</b>
<b>Net Operational (Service)</b>	<b>(4 954)</b>	<b>(3 124)</b>	<b>(3 124)</b>	<b>(2 275)</b>	<b>-37.31</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

## 5.4 GRANTS

### 5.4.1 GRANT PERFORMANCE

The Municipality receives grants from the National and Provincial Governments during the 2017/18 financial year for infrastructure development and other projects.

TABLE 209 GRANT PERFORMANCE

DESCRIPTION	2016/17	BUDGET	2017/18	ACTUAL	2017/18	VARIANCE
	ACTUAL		ADJUST-		ORIGINAL	ADJUST-
	(AUDITED OUTCOME)		MENTS BUDGET		BUDGET	MENTS BUDGET
		R'000			%	
Operating Transfers and Grants						
National Government:	37 462	39 989	39 989	39 989	0.00	0.00
Equitable Share	23 075	25 190	25 190	25 190	0.00	0.00
Financial Management Grant	1 475	1 550	1 550	1 550	0.00	0.00
Municipal Systems Improvement Grant	–					
Municipal Infrastructure Grant	10 501	11 118	11 118	11 118	0.00	0.00
Expanded Public Works Program	1 210	1 131	1 131	1 131	0.00	0.00
Integrated National Electricity program	1 000	1 000	1 000	1 000	0.00	0.00
Seta Eise (Opleiding)	201					
Provincial Government:	8 107	27 113	27 113	26 769	-1.29	-1.29
Library Grant	5 350	5 583	5 583	5 583	0.00	0.00
Thusong Centre	211					
Housing	–	20 450	20 450	20 450	0.00	0.00
Subsidie PAWK	52	84	84	84	0.00	0.00
CDW Grant	56	56	56	56	0.00	0.00
FMG Provincial	368	240	240	240	0.00	0.00
Municipal Infrastructure Support grant	870					
Department of sport arts and culture	700	700	700	356	-96.63	-96.63
Department of Energy	500					
Prov Contribution acceleration of housing						
RDP Housing - Electricity						
Proclaimed Roads						
Other grant providers:	–	1 950	950	950	-105.26	0.00
DPLG Support grant		950	950	950		
VUUP Grant		1 000	–			
Total Operating Transfers and Grants	45 569	69 052	68 052	67 708	-1.98	-0.51
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

### 5.4.2 CONDITIONAL GRANTS

The performance in the spending of conditional grants is summarised as follows:

TABLE 210 CONDITIONAL GRANTS

DETAILS	2016/17	BUDGET	2017/18	ACTUAL	2017/18 VARIANCE	
	ACTUAL		ADJUST-		VARIANCE	ADJUST-
	ACTUAL		MENTS		BUDGET	MENTS
	(AUDITED		BUDGET		BUDGET	BUDGET
	OUTCOME)					

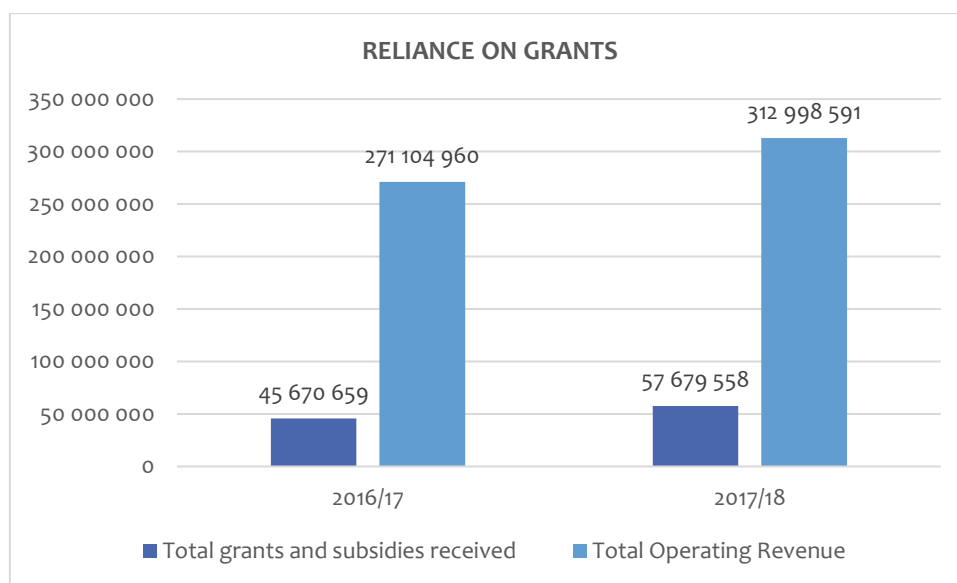
### 5.4.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES

TABLE 211 RELIANCE ON GRANTS

FINANCIAL YEAR	TOTAL GRANTS AND SUBSIDIES RECEIVED	TOTAL OPERATING REVENUE	PERCENTAGE
	R'000		%
2016/17	45 671	271 105	16.85
2017/18	57 680	312 999	18.43

The following graph indicates the Municipality's grants and subsidies received compared to operating revenue for the last two financial years.

FIGURE 13 GRANTS AND SUBSIDIES RECEIVED COMPARED TO THE TOTAL OPERATING REVENUE



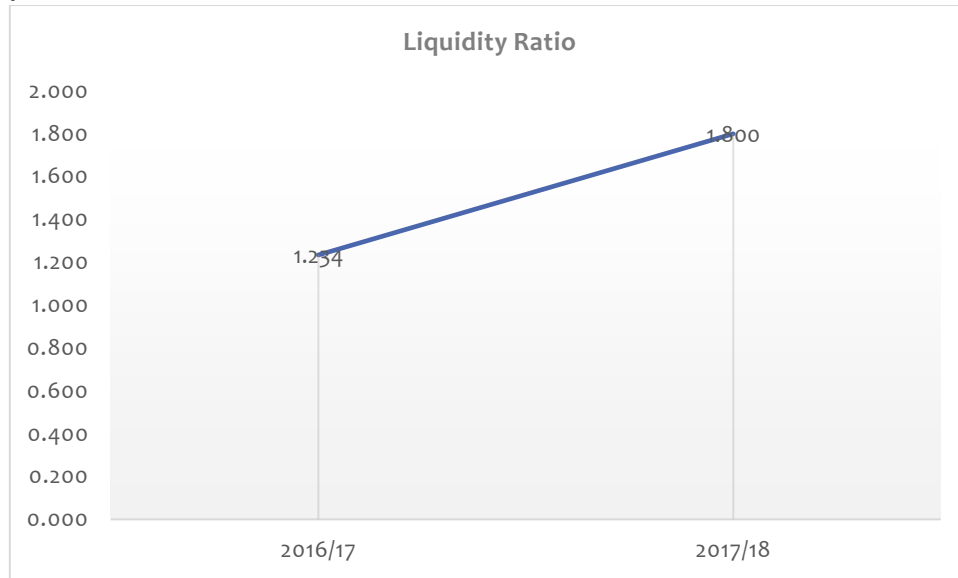
## 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### 5.5.1 LIQUIDITY RATIO

TABLE 212 LIQUIDITY FINANCIAL RATIO

DESCRIPTION	BASIS OF CALCULATION	2016/17	2017/18
		AUDITED OUTCOME	AUDITED OUTCOME
Current Ratio	Current assets/current liabilities	1.265	1.803
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.864	1.154
Liquidity Ratio	Monetary Assets/Current Liabilities	1.234	1.800

FIGURE 14 LIQUIDITY RATIO



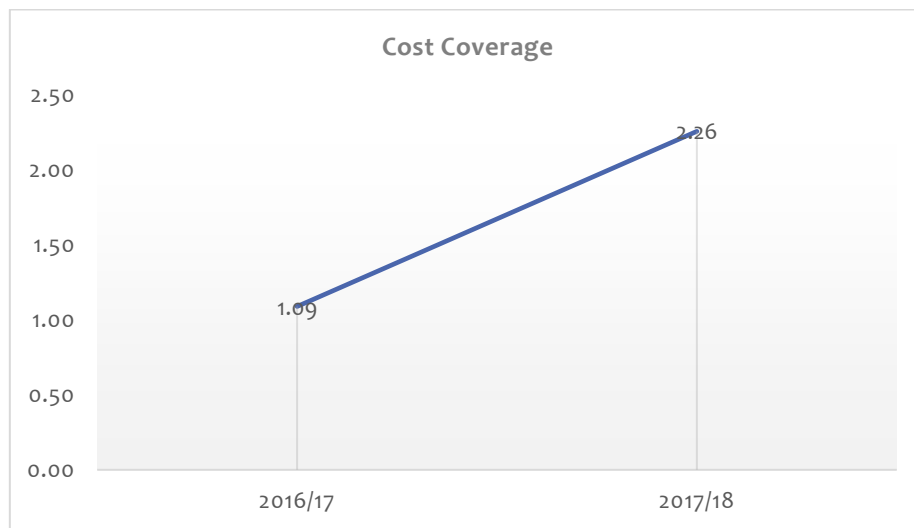
### 5.5.2 NATIONAL FINANCIAL VIABILITY INDICATORS

TABLE 213 NATIONAL FINANCIAL VIABILITY KPI's

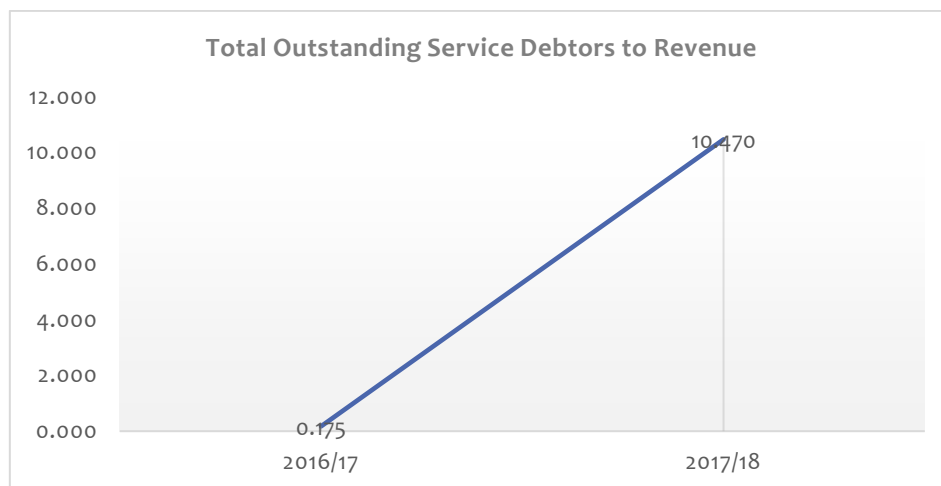
DESCRIPTION	BASIS OF CALCULATION	2016/17 AUDITED OUTCOME	2017/18 AUDIT OUTCOME
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.09	2.26
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.175	10.470
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	390.61	72.82



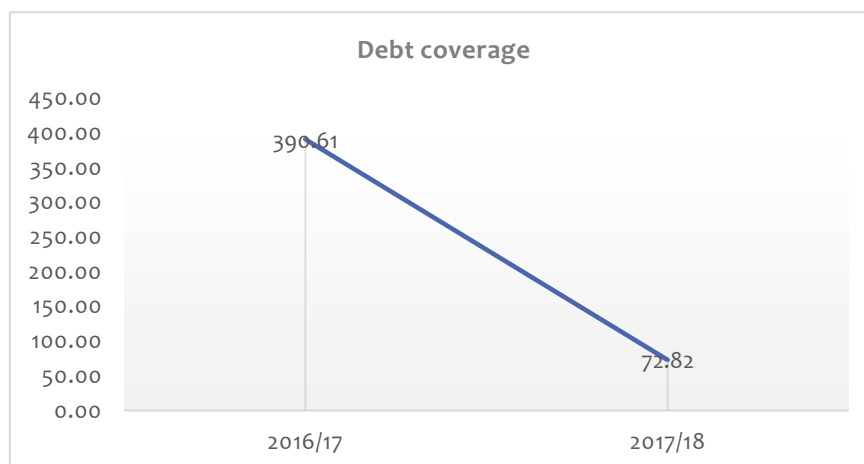
**FIGURE 15 COST COVERAGE**



**FIGURE 16 OUTSTANDING SERVICE DEBTORS**



**FIGURE 17 DEBT COVERAGE**

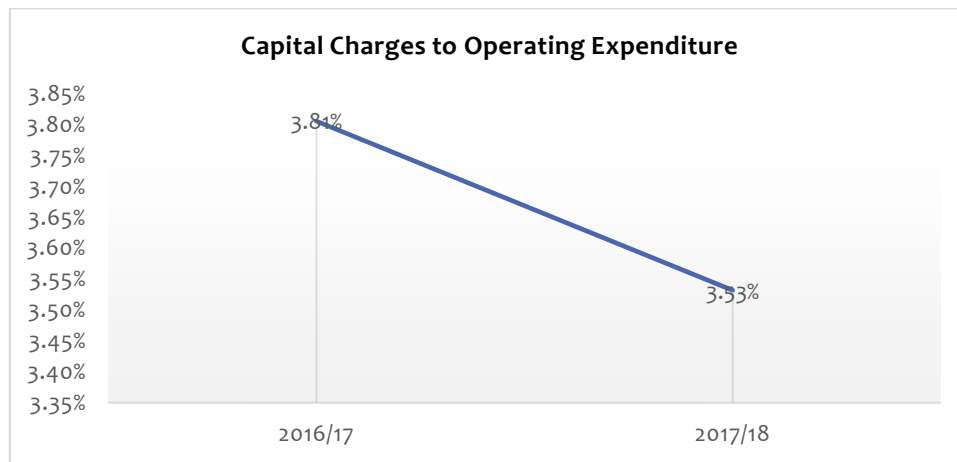


### 5.5.3 BORROWING MANAGEMENT

TABLE 214 BORROWING MANAGEMENT

DESCRIPTION	BASIS OF CALCULATION	2016/17	2017/18
		AUDITED OUTCOME	AUDITED OUTCOME
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.81%	3.53%

FIGURE 18 BORROWING MANAGEMENT

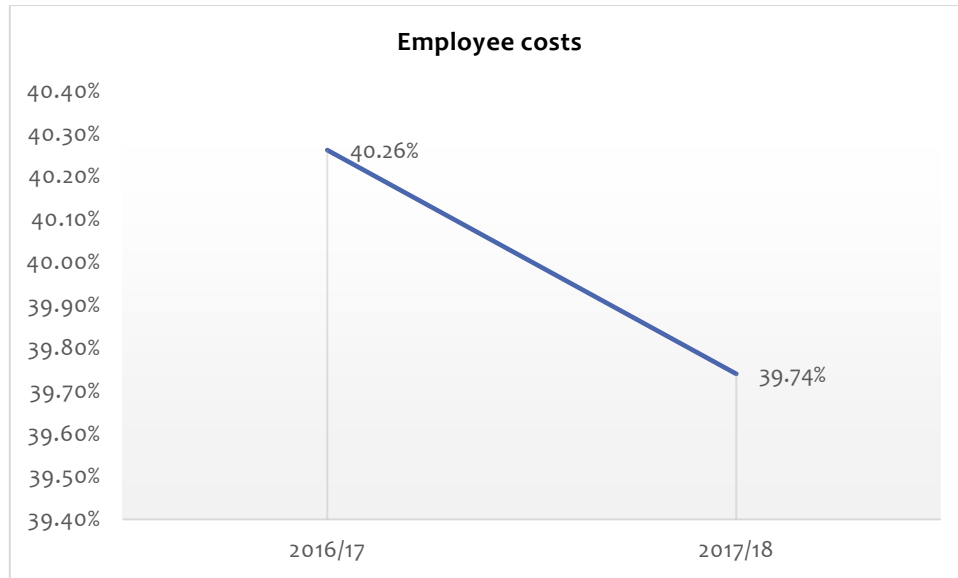


### 5.5.4 EMPLOYEE COSTS

TABLE 215 EMPLOYEE COSTS

DESCRIPTION	BASIS OF CALCULATION	2016/17	2017/18
		AUDITED OUTCOME	AUDITED OUTCOME
Employee costs (Including Councillors)	Employee costs/(Total Revenue - capital revenue)	40.26%	39.74%

**FIGURE 19 EMPLOYEE COSTS**



## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

## 5.6 CAPITAL EXPENDITURE BY NEW ASSET PROGRAM

TABLE 216 CAPITAL EXPENDITURE BY NEW ASSET PROGRAM

DESCRIPTION	2016/17	2017/18			PLANNED CAPITAL EXPENDITURE		
	AUDITED OUTCOME	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	2018/19	2019/20	2020/21
R'000							
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	15 618	17 695	24 853	23 432	20 250	24 114	–
<b>Infrastructure: Road transport - Total</b>	7 410	11 897	15 861	15 516	15 158	14 901	–
Roads, Pavements & Bridges	7 410	11 897	15 861	15 516	15 158	14 901	
<b>Infrastructure: Electricity - Total</b>	4 277	2 411	3 410	3 153	3 743	7 000	–
Transmission & Reticulation	3 572	2 261	3 260	3 153	3 593	7 000	
Street Lighting	705	150	150		150		
<b>Infrastructure: Water - Total</b>	2 303	2 160	2 723	1 917	1 350	950	–
Dams & Reservoirs	2 303	2 160	2 723	1 917	1 350	950	
<b>Infrastructure: Sanitation - Total</b>	1 579	877	2 178	2 517	–	1 263	–
Reticulation	1 579	877	2 178	2 517		1 263	
<b>Infrastructure: Other - Total</b>	49	350	680	330	–	–	–
Waste Management	49	350	680	330			
<b>Community - Total</b>	2 905	3 548	2 472	1 897	4 820	2 190	–
Parks & gardens		934	320	116	1 400	950	
Sports fields& stadia		700	680	489	670	240	
Community halls	1 113			91			
Libraries		159	240	191			
Recreational facilities	979	450	453	769			
Other	813	1 305	780	241	2 750	1 000	
<b>Capital expenditure by Asset Class</b>	5 757	6 422	6 892	6 703	4 612	2 899	–
<b>Heritage assets - Total</b>	–	–	–	–	–	–	–
<b>Investment properties - Total</b>	–	–	–	–	–	–	–
<b>Other assets</b>	3 667	5 238	5 242	5 073	4 612	2 899	–
General vehicles	178	2 300	2 448	522	1 875	1 500	
Plant & equipment	1 197	1 116	1 040	2 895	1 235	357	
Computers - hardware/equipment	2 292	443	461	1 533	256	165	
Other		1 380	1 293	122	1 246	878	
<b>Agricultural assets</b>	–	–	–	–	–	–	–
<b>Biological assets</b>	–	–	–	–	–	–	–
<b>Intangibles</b>	2 091	1 184	1 650	1 631	–	–	–

DESCRIPTION	2016/17	2017/18			PLANNED CAPITAL EXPENDITURE		
	AUDITED OUTCOME	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	2018/19	2019/20	2020/21
R'000							
Computers - software & programming	2 091	1 184	1 650	1 631			
<b>Total Capital Expenditure on new assets</b>	<b>24 280</b>	<b>27 665</b>	<b>34 217</b>	<b>32 033</b>	<b>29 682</b>	<b>29 203</b>	<b>-</b>
<u>Specialised vehicles</u>	-	-	-	-	-	-	-

## 5.7 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2016/17 financial year:

TABLE 217 CAPITAL EXPENDITURE BY FUNDING SOURCE

DETAILS	2016/17		2017/18			
	AUDITED OUTCOME	ORIGINAL BUDGET (OB)	ADJUSTMENT BUDGET	ACTUAL	ADJUSTMENT TO OB VARIANCE	ACTUAL TO OB VARIANCE
<b>Source of finance</b>						
<b>Description</b>	<b>R'000</b>				<b>%</b>	
External loans	2 573	5 661	5 008	4 484	-11.53	-9.27
Public contributions and donations	799	-	1 000	7 703		
Grants and subsidies	13 197	12 969	17 592	12 457	35.64	-39.60
Own funding	4 696	9 034	10 617	7 390	17.52	-35.72
<b>Total</b>	<b>21 265</b>	<b>27 665</b>	<b>34 217</b>	<b>32 033</b>	<b>23.68</b>	<b>-7.90</b>
<b>Percentage of finance</b>						
External loans	12	20	15	14	-28.47	-3.12
Public contributions and donations	4	0	3	24		
Grants and subsidies	62	47	51	39	9.67	-26.72
Own funding	22	33	31	23	-4.99	-24.37
<b>Capital expenditure</b>						
<b>Description</b>	<b>R'000</b>				<b>%</b>	
Water and sanitation	3 597	2 160	2 723	1 917	26.07	-37.34
Electricity	4 020	2 411	3 410	3 153	41.46	-10.67
Housing	155					
Roads and storm water	4 243	11 897	15 861	15 516	33.32	-2.90
Other	9 250	11 197	12 222	11 447	9.16	-6.92
<b>Total</b>	<b>21 265</b>	<b>27 665</b>	<b>34 217</b>	<b>32 033</b>	<b>23.68</b>	<b>-7.90</b>
<b>Percentage of expenditure</b>						
Water and sanitation	17	8	8	6	1.93	-25.30
Electricity	19	9	10	10	14.37	-1.42
Housing	1	0	0	0		
Roads and storm water	20	43	46	48	7.79	4.84
Other	43	40	36	36	-11.75	0.04

## 5.8 TREATMENT OF THE THREE LARGEST ASSETS

TABLE 218 TREATMENT OF THE THREE LARGEST ASSETS

Asset 1		
Name	Roads and Stormwater	
Description	Stormwater Pipeline - Area F	
Asset Type	Infrastructure	
Key Staff Involved	Manager: Water and Sanitation	
Staff Responsibilities	Management of stormwater network	
Asset Value as at 30 June 2018	2016/17 R million	2017/18 R million
		5 798
Capital Implications	None	
Future Purpose of Asset	Basic service delivery	
Describe Key Issues	RDP housing projects - Infrastructure requirements	
Policies in Place to Manage Asset	Asset management policy / Infrastructure plan	
Asset 2		
Name		
Description	Ou Meule link to Swellendam Road	
Asset Type	infrastructure	
Key Staff Involved	Manager: Roads	
Staff Responsibilities	Manager: Roads	
Asset Value as at 30 June 2018	2016/17 R million	2017/18 R million
		1 247
Capital Implications	None	
Future Purpose of Asset	Basic service delivery	
Describe Key Issues	Expanding the capacity of roads network	
Policies in Place to Manage Asset	Asset management policy / Infrastructure plan	
Asset 3		
Name	Finance and Administration	
Description	Vesta Financial system	
Asset Type	Computers - software and programming	
Key Staff Involved	Chief Financial Officer	
Staff Responsibilities	Financial management administration	
Asset Value as at 30 June 2018	2016/17 R million	2017/18 R million
		1 615
Capital Implications		
Future Purpose of Asset	Financial system administration and record keeping	
Describe Key Issues	mSCOA implementation	
Policies in Place to Manage Asset	Financial regulations and MFMA	

## 5.9 CAPITAL SPENDING ON THE LARGEST PROJECTS

The tables below show the Municipality's capital spending on its five largest projects.

TABLE 219 CAPITAL SPENDING ON LARGEST PROJECTS

NAME OF PROJECT		ORIGINAL BUDGET	ADJUSTMENT BUDGET	2017/18 ACTUAL EXPENDITURE	ORIGINAL VARIANCE	ADJUSTMENT VARIANCE
			R'000		%	
A	Stormwater pipeline - Area F	5 184	5 798	5 798	0	(o)
B	Nuwerus Streets	1 247	1 247	1 247	–	(o)
C	Ou Meule Link to Swellendam Road (B/dorp)	1 316	1 316	1 316	–	(o)
D	Electricity project - DORA funded	1 000	1 000	1 000	–	(o)
E	Vesta Financial system (mSCOA)	1 150	1 615	1 615	0	(o)

Name of Project - A	Stormwater pipeline - Area F
Objective of Project	Basic service delivery
Delays	0
Future Challenges	None
Anticipated citizen benefits	Basic service delivery

Name of Project - B	Nuwerus Streets
Objective of Project	Basic service delivery
Delays	0
Future Challenges	None
Anticipated citizen benefits	Basic service delivery

Name of Project - C	Ou Meule Link to Swellendam Road (B/dorp)
Objective of Project	Basic service delivery
Delays	0
Future Challenges	None
Anticipated citizen benefits	Basic service delivery

Name of Project - D	Electricity project - DORA funded
Objective of Project	Basic service delivery
Delays	0
Future Challenges	None
Anticipated citizen benefits	Basic service delivery

Name of Project - E	Vesta Financial system (mSCOA)
Objective of Project	Financial sustainability
Delays	0
Future Challenges	None
Anticipated citizen benefits	Financial system improvements

## 5.10 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Although there are currently no serious backlogs in the municipal area, the continuous influx of people in our area to the informal settlements are putting a burden on the service delivery of the Municipality which might be regarded as a risk due a possible increase in future backlogs.

### 5.10.1 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

TABLE 220 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

DETAILS	BUDGET	ADJUST- MENTS BUDGET	ACTUAL	VARIANCE	
				BUDGET	ADJUST- MENTS BUDGET
		R'000		%	%
<b>Infrastructure - Roads</b>	<b>7 866 770</b>	<b>8 480 806</b>	<b>8 480 806</b>	7.24	0.00
Roads	2 682 585	2 682 585	2 682 585	0.00	0.00
Water purification	5 184 185	5 798 221	5 798 221	10.59	0.00
<b>Infrastructure - Sanitation</b>	<b>877 193</b>	<b>877 193</b>	<b>877 193</b>	0.00	0.00
Reticulation					
Sewerage purification	877 193	877 193	877 193	0.00	0.00
<b>Infrastructure - Refuse removal</b>					
<b>Infrastructure - Electricity</b>					
Street Lighting					
<b>Other Specify:</b>	<b>814 036</b>	<b>200 000</b>	<b>200 000</b>	-307.02	0.00
Outdoor Sport facilities	814 036	200 000	200 000	-307.02	0.00
<b>Total</b>	<b>9 557 999</b>	<b>9 557 999</b>	<b>9 557 999</b>	0.00	0.00



**COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS****5.11 CASH FLOW**

The following table shows the Municipality's Cash flow from operating activities for the 2016/17 financial year.

**TABLE 221 CASH FLOW**

DESCRIPTION	2016/17 AUDITED OUTCOME	ORIGINAL BUDGET	2017/18 ADJUSTED BUDGET	ACTUAL
R'000				
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	198 060	236 061	204 153	207 504
Government - operating	33 905	57 206	72 809	37 260
Government - capital	11 516	13 001	12 238	12 112
Interest	3 695	2 215	2 060	4 141
Dividends	–			
<b>Payments</b>				
Suppliers and employees	(211 522)	(284 078)	(275 937)	(233 425)
Finance charges	(353)	(751)	(770)	(490)
Transfers and Grants	(1 464)	(2 685)	(2 763)	(1 398)
<b>Net cash from/(used) operating activities</b>	<b>33 837</b>	<b>20 969</b>	<b>11 790</b>	<b>25 703</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	20	1 250	1 700	4 919
Decrease (Increase) in non-current debtors	283	197	257	217
Decrease (increase) other non-current receivables	27	27	31	8
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(23 511)	(29 682)	(34 217)	(24 000)
<b>Net cash from/(used) investing activities</b>	<b>(23 181)</b>	<b>(28 208)</b>	<b>(32 228)</b>	<b>(18 856)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	–			
Borrowing long term/refinancing	220	6 983	5 473	17 400
<b>Payments</b>				
Repayment of borrowing	(897)	(3 189)	(1 634)	(837)
Increase in Consumer Deposits				
<b>Net cash from/(used) financing activities</b>	<b>(677)</b>	<b>3 794</b>	<b>3 839</b>	<b>16 563</b>
<b>Net increase/ (decrease) in cash held</b>	<b>9 979</b>	<b>(3 446)</b>	<b>(16 600)</b>	<b>23 410</b>
Cash/cash equivalents at the year begin:	<b>14 384</b>	<b>(3 441)</b>	<b>24 361</b>	<b>24 361</b>
Cash/cash equivalents at the year-end:	<b>24 362</b>	<b>(6 886)</b>	<b>7 762</b>	<b>47 771</b>

## 5.12 GROSS OUTSTANDING DEBTORS PER SERVICE

TABLE 222 GROSS OUTSTANDING DEBTORS PER SERVICE

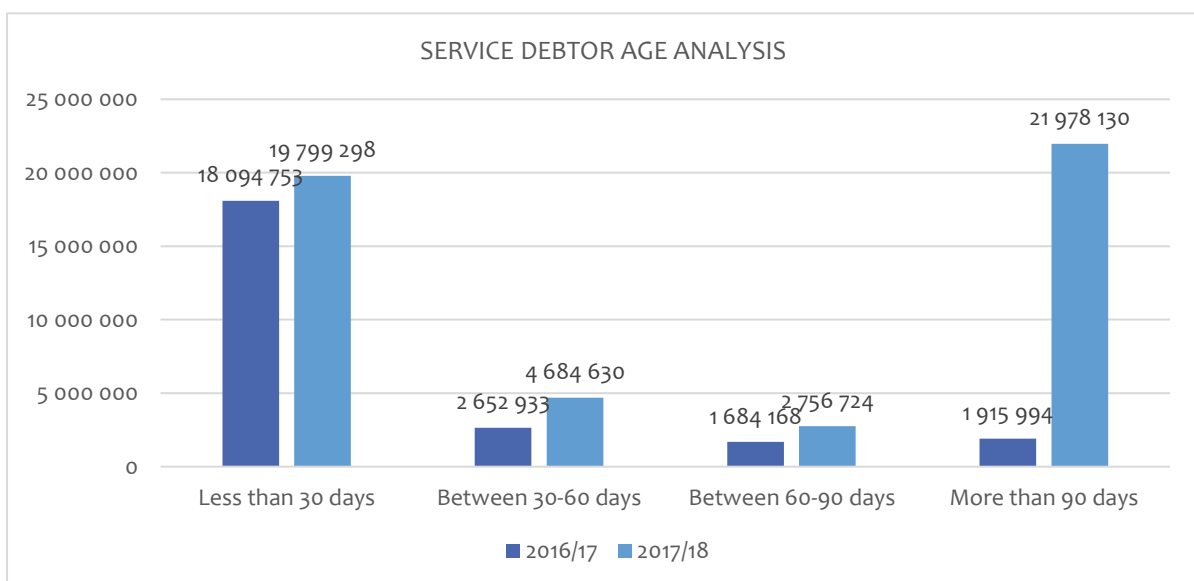
FINANCIAL YEAR	RATES (R'000)	TRADING SERVICES	ECONOMIC SERVICES	HOUSING RENTALS (R'000)	OTHER (R'000)	TOTAL (R'000)
		(ELECTRICITY AND WATER) (R'000)	(SANITATION AND REFUSE) (R'000)			
2016/17	3 675	13 203	2 099	–	5 370	24 348
2017/18	10 168	21 309	5 088	–	9 653	46 219
Difference	6 493	8 106	2 989	–	4 283	21 871
% growth year on year	177	61	142		80	0

## 5.13 TOTAL DEBTORS AGE ANALYSIS

TABLE 223 SERVICE DEBTOR AGE ANALYSIS

FINANCIAL YEAR	LESS THAN 30 DAYS	BETWEEN 30-60 DAYS	BETWEEN 60-90 DAYS (R'000)	MORE THAN 90 DAYS	TOTAL
2016/17	18 095	2 653	1 684	1 916	24 348
2017/18	19 799	4 685	2 757	21 978	49 219
Difference	1 705	2 032	1 073	20 062	24 871
% growth year on year	9	77	64	1 047	102

FIGURE 20 SERVICE DEBTORS AGE ANALYSIS



## 5.14 BORROWING AND INVESTMENTS

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

### 5.14.1 ACTUAL BORROWINGS

TABLE 224 ACTUAL BORROWINGS

INSTRUMENT	2015/16	2016/17
	R'000	
Long-Term Loans (annuity/reducing balance)	2 012	15 753
<b>TOTAL</b>	<b>2 012</b>	<b>15 753</b>

### 5.14.2 INVESTMENTS

The Municipality had no investments for the financial year.

**COMPONENT D: OTHER FINANCIAL MATTERS****5.15 SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management Policy was revised 29 May 2018 to fully comply with the SCM Regulations and recommendations made during the 2016/17 financial year audit. This was done as part of the annual budget policy review.

No Councillors are members of any committee handling the supply chain processes. The supply chain officials received ongoing training and have completed the prescribed MFMA Competency Regulations. Provincial Treasury quarterly working forum meetings are attended regularly in order to promote the professional development of SCM practitioners within the municipalities in the Western Cape and create a culture of cohesion between municipalities and the Directorate: Local Government Supply Chain Management.

**5.16 GRAP COMPLIANCE**

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance ensures that municipal accounts are comparable and more informative for the municipality. It also ensures that the municipality is more accountable to its citizens and other stakeholders. GRAP was fully implemented in the Municipality in the 2010/11 financial year and the financial statements of 2017/18 are fully GRAP compliant.

**5.17 SOUTHERNMOST DEVELOPMENT AGENCY (PTY) LTD**

It must be noted that, during 2012, the Council took a decision to establish a Local Development Agency (Southernmost Development Agency (Pty) Ltd) to assist the Municipality in the establishment and implementation of local economic development projects. This entity was duly established and the Board of Directors appointed from October 2012. However, during the process of establishment and the development phase, it was found that the establishment and running of the entity will create additional expenses for the Municipality which cannot be afforded due to its very strict budget. After various meetings with all role-players and considering all possible options, the Council resolved on 28 May 2013 to liquidate and disestablish the agency. We are in process of de-registering the agency.

## CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR-GENERAL OPINION 2016/17

#### 6.1 AUDITOR-GENERAL REPORT 2016/17

TABLE 225 AG REPORT ON FINANCIAL PERFORMANCE 2016/17

Auditor-General Report on Financial Performance 2016/17	
<b>Audit Report Status:</b>	Unqualified with no other matters
<b>Non-Compliance Issues</b>	Remedial Action Taken
There were some findings during the audit which required non-material changes to the annual financial statements	<p>The items were corrected during the audit and the necessary changes made and submitted to the auditors during the audit</p> <p>The findings will also be taken up in an action plan to address the root cause of the corrections. The progress on the implementation of the corrective measures will be reported to Council on a monthly basis</p>

TABLE 226 AG REPORT ON SERVICE DELIVERY PERFORMANCE 2016/17

Auditor-General Report on Service Delivery Performance: 2016/17	
<b>Audit Report Status:</b>	Unqualified with no other matters
<b>Non-Compliance Issues</b>	Remedial Action Taken
There were some findings regarding the accuracy of the reported achievement found during the audit, which required changes to the performance report (which forms part of the Municipality's annual report). One material change was made on the actual achievement relating to indigent households	<ul style="list-style-type: none"> <li>The corrections were made during the audit and submitted to the auditors</li> <li>A coaching and mentoring program has since been launched with all the Directorates regarding the requirements and quality of evidence substantiating the actual performance.</li> <li>The findings will also be taken up in an action plan to address the root cause of the corrections. The progress on the implementation of the corrective measures will be reported to Council on a monthly basis</li> </ul>

**COMPONENT B: AUDITOR-GENERAL OPINION 2017/18****6.2 AUDITOR-GENERAL REPORT 2017/18****TABLE 227AG REPORT ON FINANCIAL PERFORMANCE 2017/18**

<b>Auditor-General Report on Financial Performance 2017/18</b>	
<b>Audit Report Status:</b>	Unqualified with no other matters
<b>Non-Compliance Issues</b>	Remedial Action Taken
There were some findings during the audit which required changes to the annual financial statements as well as correction of prior year errors that were highlighted during the audit	<p>The items were corrected during the audit and the necessary changes made and submitted to the auditors during the audit</p> <p>The findings will also be taken up in an action plan to address the root cause of the corrections. The progress on the implementation of the corrective measures will be reported to Council on a monthly basis as well as the Audit Committee on a quarterly basis</p>

**TABLE 228AG REPORT ON SERVICE DELIVERY PERFORMANCE 2017/18**

<b>Auditor-General Report on Service Delivery Performance: 2017/18</b>	
<b>Audit Report Status:</b>	Unqualified with no other matters
<b>Non-Compliance Issues</b>	Remedial Action Taken
There was some material findings regarding the accuracy of the reported achievement of objectives found during the audit which required changes to the performance report (which forms part of the Municipality's annual report)	<ul style="list-style-type: none"> <li>The corrections were made during the audit and submitted to the auditors.</li> <li>The findings will also be taken up in an action plan to address the root cause of the corrections. The progress on the implementation of the corrective measures will be reported to Council on a monthly basis and the Audit Committee on an annual basis.</li> </ul>

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**Annexure B: Report of the Auditor General**

**Annexure C: Report of the Audit Committee**

**Annexure D: Report of the Performance Audit Committee**



# CAPE AGULHAS LOCAL MUNICIPALITY



KAAP AGULHAS MUNISIPALITEIT  
CAPE AGULHAS MUNICIPALITY  
U MASIPALA WASECAPE AGULHAS

**ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2018**



# CAPE AGULHAS LOCAL MUNICIPALITY

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# CAPE AGULHAS LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Cape Agulhas Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

### LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### JURISDICTION

The Cape Agulhas Local Municipality includes the following areas:

Bredasdorp	L'Agulhas	Protem
Napier	Arniston	Klipdale
Struisbaai	Suiderstrand	Elim

### MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	PJ Swart	Ward 5	
Executive Deputy Mayor	Z Tonisi	Proportional	
Speaker	J G A Nieuwoudt	Ward 4	
Councillor - Full time	G D Burger	Proportional	Member of Executive Mayoral Committee
Councillor - Full time	M October	Ward 2	Member of Executive Mayoral Committee
Councillor - Part time	D Jantjies	Proportional	
Councillor - Part time	E C Marthinus	Proportional	
Councillor - Part time	E Sauls	Ward 1	
Councillor - Part time	C J Jacobs	Proportional	Chairperson of MPAC
Councillor - Part time	R J Baker	Ward 3	
Councillor - Part time	D J Europa	Ward 6	

### MUNICIPAL MANAGER

Mr D O'Neill

### CHIEF FINANCIAL OFFICER

Mr H Van Biljon

### REGISTERED OFFICE

1 Dirkie Uys Street, Bredasdorp, 7280

### POSTAL ADDRESS

PO Box 51, Bredasdorp, 7280



# CAPE AGULHAS LOCAL MUNICIPALITY

## GENERAL INFORMATION

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

ABSA, Bredasdorp

### ATTORNEYS

Luttig, Badenhorst & Fourie Attorneys

Kruger & Blignaut Attorneys

### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations





# CAPE AGULHAS LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 1 to 133 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr D O'Neill  
Municipal Manager

30/11/18

Date

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018



	Notes	2018 R (Actual)	2017 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>81 714 557</b>	<b>62 424 968</b>
Cash and Cash Equivalents	2	47 768 311	24 361 469
Receivables from Exchange Transactions	3	26 056 267	22 145 598
Receivables from Non-exchange Transactions	4	6 357 828	14 419 561
Operating Lease Asset	5.1	217 306	140 757
Current Portion of Long-term Receivables	6	7 248	31 117
Inventory	7	1 307 597	1 326 467
<b>Non-current Assets</b>		<b>433 483 938</b>	<b>415 476 847</b>
Long-Term Receivables	6	211 619	196 035
Investment Property	8	40 553 199	40 870 029
Property, Plant And Equipment	9	342 197 719	323 250 246
Intangible Assets	10	4 865 323	3 572 415
Capitalised Restoration Cost (PPE)	11	45 656 076	47 588 121
<b>Total Assets</b>		<b>515 198 495</b>	<b>477 901 815</b>
<b>Current Liabilities</b>		<b>45 333 881</b>	<b>49 360 057</b>
Current Portion of Long-Term Liabilities	12	3 506 160	684 389
Consumer Deposits	13	4 507 450	4 290 749
Payables from Exchange Transactions	14	24 671 978	32 140 948
Unspent Conditional Government Grants	15	400 460	1 370 000
Unspent Public Contributions	16	66 519	37 262
Taxes	17	679 092	41 734
Operating Lease Liability	5.2	14 325	11 812
Current Employee Benefits	18	11 487 896	10 783 164
<b>Non-current Liabilities</b>		<b>138 324 534</b>	<b>119 251 771</b>
Long-Term Liabilities	12	15 752 801	2 011 854
Employee Benefits	19	52 790 017	50 942 453
Non-Current Provisions	20	69 781 716	66 297 464
<b>Total Liabilities</b>		<b>183 658 415</b>	<b>168 611 828</b>
<b>Net Assets</b>		<b>331 540 079</b>	<b>309 289 987</b>
<b>Community Wealth</b>			
Accumulated Surplus	21	301 540 079	289 289 987
Capital Replacement Reserve	21	30 000 000	20 000 000
<b>Total Community Wealth</b>		<b>331 540 079</b>	<b>309 289 987</b>

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

REVENUE	Notes	2018 R (Actual)	2017 R (Restated)
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>134 930 924</b>	<b>112 719 799</b>
<b>Taxation Revenue</b>		<b>60 731 610</b>	<b>54 801 761</b>
Property Rates	22	60 731 610	54 801 761
<b>Transfer Revenue</b>		<b>57 679 558</b>	<b>45 670 659</b>
Government Grants and Subsidies - Capital	23	12 456 582	10 815 689
Government Grants and Subsidies - Operating	23	37 463 553	33 935 113
Public Contributions and Donations - Capital	24	-	164 509
Public Contributions and Donations - Operating	24	56 500	35 282
Contributed Assets	25	7 702 924	720 066
<b>Other Revenue</b>		<b>16 519 756</b>	<b>12 247 379</b>
Fines	26	11 808 096	6 895 987
Actuarial Gains	27	4 669 007	5 189 508
Third Party - Insurance Receipts		42 653	161 884
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>178 067 667</b>	<b>158 385 160</b>
<b>Operating Activities</b>		<b>178 067 667</b>	<b>158 385 160</b>
Service Charges	28	150 349 902	139 116 532
Rental of Facilities and Equipment	29	9 351 079	7 786 767
Interest Earned - External Investments		2 821 294	2 130 979
Interest Earned - Outstanding Debtors	30	1 319 382	1 563 532
Licences and Permits		1 319 383	1 109 013
Agency Services		1 854 353	1 614 960
Other Income	31	6 467 929	5 051 376
Gains on Disposal of Properties		4 584 345	12 000
<b>TOTAL REVENUE</b>		<b>312 998 591</b>	<b>271 104 960</b>
<b>EXPENDITURE</b>			
Employee Related Costs	32	115 542 164	107 931 799
Remuneration of Councillors	33	5 059 866	4 743 451
Debt Impairment	34	18 160 974	10 965 865
Depreciation and Amortisation	35	12 035 121	11 019 554
Impairments	36	176 350	-
Actuarial Losses	38	302 372	-
Finance Charges	39	9 432 690	9 307 095
Bulk Purchases	40	75 357 709	73 081 748
Contracted Services	41	18 390 041	14 212 835
Transfers and Grants	42	1 398 206	1 464 986
Other Expenditure	43	34 353 944	34 657 982
Loss on Disposal of PPE		539 061	688 792
<b>TOTAL EXPENDITURE</b>		<b>290 748 498</b>	<b>268 074 108</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>22 250 093</b>	<b>3 030 852</b>



## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2018

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2016 - Previously Reported</b>	<b>13 500 000</b>	<b>293 834 516</b>	<b>307 334 516</b>
Prior Period Adjustment - Refer to note 44.05	-	(1 075 381)	(1 075 381)
<b>Balance on 30 June 2016 - Restated</b>	<b>13 500 000</b>	<b>292 759 135</b>	<b>306 259 135</b>
Net Surplus for the Year	-	3 030 852	3 030 852
Transfers to Reserves	16 459 334	(16 459 334)	-
Property, Plant and Equipment Purchased	(9 959 334)	9 959 334	-
<b>Balance on 30 June 2017 - Restated</b>	<b>20 000 000</b>	<b>289 289 987</b>	<b>309 289 987</b>
Net Surplus for the Year	-	22 250 093	22 250 093
Transfers to Reserves	17 389 605	(17 389 605)	-
Property, Plant and Equipment Purchased	(7 389 605)	7 389 605	-
<b>Balance on 30 June 2018</b>	<b>30 000 000</b>	<b>301 540 079</b>	<b>331 540 079</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		58 460 077	52 601 208
Service Charges		143 354 704	134 653 593
Other Revenue		25 688 588	10 807 776
Government - Operating		37 259 746	33 905 429
Government - Capital		12 111 782	11 515 689
Interest		4 140 676	3 694 511
<b>Payments</b>			
Suppliers and Employees		(253 427 522)	(210 863 026)
Finance Charges		(490 202)	(353 392)
Transfers and Grants		(1 398 206)	(1 464 986)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>46</b>	<b>25 699 644</b>	<b>34 496 803</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Assets		4 919 345	20 000
Decrease in Long-Term Receivables		8 285	27 098
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(22 397 027)	(21 170 926)
Purchase of Intangible Assets		(1 602 825)	(3 000 995)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(19 072 221)</b>	<b>(24 124 824)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New loans raised		17 400 000	220 035
Increase in Consumer Deposits		216 701	282 667
<b>Payments</b>			
Loans Repaid		(837 282)	(897 009)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>16 779 419</b>	<b>(394 307)</b>
<b>NET INCREASE IN CASH HELD</b>		<b>23 406 842</b>	<b>9 977 671</b>
Cash and Cash Equivalents at the beginning of the year		24 361 469	14 383 798
Cash and Cash Equivalents at the end of the year		47 768 311	24 361 469
<b>NET INCREASE IN CASH HELD</b>		<b>23 406 842</b>	<b>9 977 671</b>

# CAPE AGULHAS LOCAL MUNICIPALITY



AUDITOR GENERAL  
SOUTH AFRICA  
Accountability. Integrity. Confidence.

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

MK: 30 Nov 2018

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	32 768 311	14 519 221	18 249 089
Call Investment Deposits	15 000 000	-	15 000 000
Consumer Debtors	29 666 797	27 691 197	1 975 600
Other Receivables	2 964 605	5 033 708	(2 069 103)
Current portion of Long-Term Receivables	7 248	31 117	(23 869)
Inventory	1 307 597	1 326 467	(18 869)
<b>Total Current Assets</b>	<b>81 714 557</b>	<b>48 601 709</b>	<b>33 112 848</b>
<b>Non Current Assets</b>			
Long-Term Receivables	211 619	164 918	46 701
Investment Property	40 553 199	40 861 931	(308 732)
Property, Plant and Equipment	387 853 796	386 389 329	1 464 467
Intangible Assets	4 865 323	4 463 965	401 358
<b>Total Non-Current Assets</b>	<b>433 483 938</b>	<b>431 880 144</b>	<b>1 603 794</b>
<b>TOTAL ASSETS</b>	<b>515 198 495</b>	<b>480 481 853</b>	<b>34 716 642</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowing	3 506 160	1 658 832	1 847 328
Consumer Deposits	4 507 450	4 548 194	(40 744)
Trade and Other Payables	25 832 375	26 556 690	(724 315)
Provisions and Employee Benefits	11 487 896	11 430 154	57 742
<b>Total Current Liabilities</b>	<b>45 333 882</b>	<b>44 193 870</b>	<b>1 140 011</b>
<b>Non-Current Liabilities</b>			
Borrowing	15 752 801	4 876 362	10 876 439
Provisions and Employee Benefits	122 571 733	124 274 312	(1 702 579)
<b>Total Non-Current Liabilities</b>	<b>138 324 534</b>	<b>129 150 674</b>	<b>9 173 860</b>
<b>TOTAL LIABILITIES</b>	<b>183 658 416</b>	<b>173 344 544</b>	<b>10 313 871</b>
<b>NET ASSETS</b>	<b>331 540 079</b>	<b>307 137 309</b>	<b>24 402 770</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	301 540 079	287 137 309	14 402 770
Reserves	30 000 000	20 000 000	10 000 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>331 540 079</b>	<b>307 137 309</b>	<b>24 402 770</b>

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## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

MK: 30 Nov 2018

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

#### ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	6 415 414	8 103 807	14 519 221
Consumer Debtors	28 018 667	(327 470)	27 691 197
Other Receivables	8 101 574	(3 067 866)	5 033 708
Current portion of Long-Term Receivables	27 208	3 909	31 117
Inventory	1 478 364	(151 898)	1 326 467
<b>Total Current Assets</b>	<b>44 041 227</b>	<b>4 560 482</b>	<b>48 601 709</b>
<b>Non-Current Assets</b>			
Long-Term Receivables	172 626	(7 708)	164 918
Investment Property	40 232 173	629 758	40 861 931
Property, Plant And Equipment	390 091 290	(3 701 961)	386 389 329
Intangible Assets	1 762 703	2 701 262	4 463 965
<b>Total Non Current Assets</b>	<b>432 258 792</b>	<b>(378 648)</b>	<b>431 880 144</b>
<b>TOTAL ASSETS</b>	<b>476 300 019</b>	<b>4 181 834</b>	<b>480 481 853</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowing	2 310 182	(651 350)	1 658 832
Consumer Deposits	4 376 926	171 268	4 548 194
Trade and Other Payables	15 334 179	11 222 511	26 556 690
Provisions and Employee Benefits	15 795 682	(4 365 528)	11 430 154
<b>Total Current Liabilities</b>	<b>37 816 969</b>	<b>6 376 901</b>	<b>44 193 870</b>
<b>Non Current Liabilities</b>			
Borrowing	6 651 357	(1 774 995)	4 876 362
Provisions and Employee Benefits	128 942 091	(4 667 779)	124 274 312
<b>Total Non-Current Liabilities</b>	<b>135 593 448</b>	<b>(6 442 774)</b>	<b>129 150 674</b>
<b>TOTAL LIABILITIES</b>	<b>173 410 417</b>	<b>(65 873)</b>	<b>173 344 544</b>
<b>NET ASSETS</b>	<b>302 889 602</b>	<b>4 247 707</b>	<b>307 137 309</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	287 889 602	(752 293)	287 137 309
Reserves	15 000 000	5 000 000	20 000 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>302 889 602</b>	<b>4 247 707</b>	<b>307 137 309</b>

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

MK: 30 Nov 2018

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)
<b>REVENUE BY SOURCE</b>			
Property Rates	60 731 610	60 143 050	588 560
Service Charges - Electricity Revenue	102 079 035	103 306 154	(1 227 119)
Service Charges - Water Revenue	22 484 210	24 341 770	(1 857 560)
Service Charges - Sanitation Revenue	10 346 159	9 485 935	860 224
Service Charges - Refuse Revenue	15 440 499	15 723 345	(282 846)
Rental Of Facilities and Equipment	9 351 079	2 055 660	7 295 419
Interest Earned - External Investments	2 821 294	2 060 000	761 294
Interest Earned - Outstanding Debtors	1 319 382	1 496 000	(176 618)
Fines, penalties and forfeits	11 808 096	9 271 000	2 537 096
Licences and Permits	1 319 383	60 500	1 258 883
Agency Services	1 854 353	2 418 700	(564 347)
Transfers Recognised - Operational	37 463 553	60 448 808	(22 985 255)
Other Revenue	11 236 089	12 613 864	(1 377 775)
Gains on Disposal of Properties	4 584 345	1 700 000	2 884 345
<b>TOTAL OPERATING REVENUE</b>	<b>292 839 086</b>	<b>305 124 786</b>	<b>(12 285 700)</b>
<b>EXPENDITURE BY TYPE</b>			
Employee Related Costs	115 542 164	116 621 179	(1 079 015)
Remuneration of Councillors	5 059 866	5 144 703	(84 837)
Debt Impairment	18 160 974	7 833 480	10 327 494
Depreciation & Asset Impairment	12 211 471	10 232 349	1 979 122
Finance Charges	9 432 690	9 683 430	(250 740)
Bulk Purchases	75 357 709	76 798 030	(1 440 321)
Contracted Services	18 390 041	18 091 362	298 679
Transfers and Grants	1 398 206	2 808 400	(1 410 194)
Other Expenditure and Materials	34 656 316	67 419 267	(32 762 951)
Loss on Disposal of PPE	539 061	-	539 061
<b>TOTAL OPERATING EXPENDITURE</b>	<b>290 748 498</b>	<b>314 632 200</b>	<b>(23 883 702)</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>			
	<b>2 090 587</b>	<b>(9 507 414)</b>	<b>11 598 001</b>
Transfers Recognised - Capital	12 456 582	12 269 499	187 083
Contributed Assets	7 702 924	582 410	7 120 514
<b>NET SURPLUS FOR THE YEAR</b>	<b>22 250 093</b>	<b>3 344 495</b>	<b>18 905 598</b>





## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

MK: 30 Nov 2018

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

#### ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)
<b>REVENUE BY SOURCE</b>			
Property Rates	60 143 050	-	60 143 050
Service Charges - Electricity Revenue	103 306 154	-	103 306 154
Service Charges - Water Revenue	24 341 770	-	24 341 770
Service Charges - Sanitation Revenue	9 485 935	-	9 485 935
Service Charges - Refuse Revenue	15 723 345	-	15 723 345
Rental of Facilities and Equipment	2 055 660	-	2 055 660
Interest Earned - External Investments	2 060 000	-	2 060 000
Interest Earned - Outstanding Debtors	1 496 000	-	1 496 000
Fines, penalties and forfeits	9 271 000	-	9 271 000
Licences and Permits	60 500	-	60 500
Agency Services	2 418 700	-	2 418 700
Transfers Recognised - Operational	55 133 501	5 315 307	60 448 808
Other Revenue	7 769 175	4 844 689	12 613 864
Gains on Disposal of Properties	500 000	1 200 000	1 700 000
<b>TOTAL OPERATING REVENUE</b>	<b>293 764 790</b>	<b>11 359 996</b>	<b>305 124 786</b>
<b>EXPENDITURE BY TYPE</b>			
Employee Related Costs	117 178 789	(557 610)	116 621 179
Remuneration of Councillors	5 144 703	-	5 144 703
Debt Impairment	7 833 480	-	7 833 480
Depreciation & Asset Impairment	11 439 899	(1 207 550)	10 232 349
Finance Charges	8 964 009	719 421	9 683 430
Bulk Purchases	76 678 030	120 000	76 798 030
Contracted Services	18 207 802	(116 440)	18 091 362
Transfers and Grants	2 763 400	45 000	2 808 400
Other Expenditure and Materials	60 711 566	6 707 701	67 419 267
<b>TOTAL OPERATING EXPENDITURE</b>	<b>308 921 678</b>	<b>5 710 522</b>	<b>314 632 200</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>			
	<b>(15 156 888)</b>	<b>5 649 474</b>	<b>(9 507 414)</b>
Transfers Recognised - Capital	12 969 499	(700 000)	12 269 499
Contributed Assets	-	582 410	582 410
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(2 187 389)</b>	<b>5 531 884</b>	<b>3 344 495</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS



AUDITOR GENERAL  
SOUTH AFRICA  
Auditing the public purse

MK: 30 Nov 2018

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	58 460 077	57 645 566	814 511
Service Charges	143 354 704	146 509 697	(3 154 994)
Other Revenue	25 688 588	17 617 369	8 071 219
Government - Operating	37 259 746	72 809 087	(35 549 341)
Government - Capital	12 111 782	12 238 248	(126 466)
Interest	4 140 676	3 493 878	646 799
<b>Payments</b>			
Suppliers and Employees	(253 427 522)	(294 990 255)	41 562 733
Finance Charges	(490 202)	(769 930)	279 728
Transfers and Grants	(1 398 206)	(2 763 400)	1 365 194
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>25 699 644</b>	<b>11 790 260</b>	<b>13 909 384</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Assets	4 919 345	1 700 000	3 219 345
Decrease in Non-Current Receivables	8 285	31 117	(22 832)
<b>Payments</b>			
Capital Assets	(23 999 851)	(27 460 020)	3 460 169
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(19 072 221)</b>	<b>(25 728 903)</b>	<b>6 656 682</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New Loans Raised	17 400 000	5 472 750	11 927 250
Increase in Consumer Deposits	216 701	257 445	(40 744)
<b>Payments</b>			
Loans Repaid	(837 282)	(1 633 799)	796 517
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>16 779 419</b>	<b>4 096 396</b>	<b>12 683 023</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>23 406 841</b>	<b>(9 842 247)</b>	<b>33 249 089</b>
Cash and Cash Equivalents at the beginning of the year	24 361 469	24 361 469	-
Cash and Cash Equivalents at the end of the year	47 768 311	14 519 221	33 249 089
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>23 406 842</b>	<b>(9 842 247)</b>	<b>33 249 089</b>



## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

#### ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	57 978 833	(333 267)	57 645 566
Service Charges	147 356 716	(847 018)	146 509 697
Other Revenue	15 094 338	2 523 031	17 617 369
Government - Operating	55 133 501	17 675 586	72 809 087
Government - Capital	12 269 499	(31 251)	12 238 248
Interest	3 502 167	(8 290)	3 493 878
<b>Payments</b>			
Suppliers and Employees	(273 934 862)	(21 055 393)	(294 990 255)
Finance Charges	(727 330)	(42 600)	(769 930)
Transfers and Grants	(2 763 400)	-	(2 763 400)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>13 909 462</b>	<b>(2 119 202)</b>	<b>11 790 260</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE	500 000	1 200 000	1 700 000
Decrease in Non-Current Receivables	27 208	3 909	31 117
<b>Payments</b>			
Capital Assets	(27 664 699)	204 679	(27 460 020)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(27 137 491)</b>	<b>1 408 588</b>	<b>(25 728 903)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New Loans Raised	5 660 750	(188 000)	5 472 750
Increase in Consumer Deposits	188 480	68 965	257 445
<b>Payments</b>			
Loans Repaid	(2 240 385)	606 586	(1 633 799)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>3 608 845</b>	<b>487 551</b>	<b>4 096 396</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(9 619 184)</b>	<b>(223 063)</b>	<b>(9 842 247)</b>
Cash and Cash Equivalents at the beginning of the year	16 034 598	8 326 871	24 361 469
Cash and Cash Equivalents at the end of the year	6 415 414	8 103 807	14 519 221
<b>NET DECREASE IN CASH HELD</b>	<b>(9 619 184)</b>	<b>(223 063)</b>	<b>(9 842 247)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### **1 ACCOUNTING POLICIES**

#### **1.1 BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

#### **1.2 TRANSITIONAL PROVISIONS**

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

#### **1.3 PRESENTATION CURRENCY**

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

#### **1.4 GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.5 COMPARATIVE INFORMATION****1.5.1 Prior year comparatives**

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5.2 Amended Accounting Policies**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

**1.6 MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

**1.7 BUDGET INFORMATION**

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

**1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE****1.8.1 Effective dates determined**

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2018

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 12 (2017)	Inventories	1 April 2018
GRAP 16 (2017)	Investment Property	1 April 2018
GRAP 17 (2017)	Property, Plant and Equipment	1 April 2018
GRAP 21 (2017)	Impairment of non-cash-generating assets	1 April 2018
GRAP 26 (2017)	Impairment of cash-generating assets	1 April 2018
GRAP 27 (2017)	Agriculture	1 April 2018
GRAP 31 (2017)	Intangible Assets	1 April 2018
GRAP 103 (2017)	Heritage Assets	1 April 2018

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality further resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which was issued but is not yet effective:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)****1.8.1.1 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)**

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

**1.8.1.2 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

**1.8.1.3 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)**

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources. Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

**1.8.1.4 iGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)**

This Interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

**1.8.1.5 Recognition and Derecognition of Land (effective 1 April 2019)**

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

#### 1.8.1.6 Liabilities to Pay Levies (effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

#### 1.8.1.7 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

### 1.8.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 34 - Separate Financial Statements (Original - March 2017)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.2.2 GRAP 35 - Consolidated Financial Statements (Original - March 2017)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)****1.08.2.3 GRAP 36 - Investments in Associates and Joint Ventures (Original - March 2017)**

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

**1.08.2.4 GRAP 37 - Joint Arrangements (Original - March 2017)**

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

**1.08.2.5 GRAP 38 - Disclosure of Interests in Other Entities (Original - March 2017)**

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

**1.9 INVESTMENT PROPERTY****1.9.1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.9 INVESTMENT PROPERTY (CONTINUED)**

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

**1.9.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.9.3 Depreciation – Cost Model**

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	100
Land	Indefinite

**1.9.4 Impairment**

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.9 INVESTMENT PROPERTY (CONTINUED)

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.9.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

### 1.10 PROPERTY, PLANT AND EQUIPMENT

#### 1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018****1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

**1.10.2 Subsequent Measurement - Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

**1.10.3 Depreciation**

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
<b>Infrastructure</b>		<b>Land and Buildings</b>	
Roads and Storm water	8 - 99	Buildings and	
Electricity Network	10 - 100	Improvements	10 - 120
Sewerage Network	13 - 89	Land	Indefinite
Water Network	10 - 102		
Refuse Removal	10 - 64	<b>Other Assets</b>	
		Computer Hardware	5 - 20
<b>Community</b>		Furniture and	
Cemeteries	100	Office Equipment	8 - 30
Clinics	100	Vehicles	8 - 50
Community Halls	5 - 100	Special Vehicles	15 - 50
Libraries	10 - 120	Tools and Equipment	8 - 33
Parks & Gardens	20 - 100	Other	10 - 50
Recreation Grounds	50 - 100		
Sports facilities	10 - 100	<b>Capitalised Restoration</b>	
		<b>Cost</b>	
<b>Finance lease assets</b>		Landfill Sites	9 - 68
Office Machines	3 - 15		

#### 1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.10.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### **1.11 INTANGIBLE ASSETS**

#### **1.11.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### **1.11.2 Subsequent Measurement - Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

#### **1.11.3 Amortisation**

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.11 INTANGIBLE ASSETS**

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5 - 10

**1.11.4 Impairment**

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.11.5 Derecognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

#### 1.12.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

#### 1.12.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

#### 1.12.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.12 IMPAIRMENT OF NON-MONETARY ASSETS

#### 1.12.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.13 INVENTORIES

#### 1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.13 INVENTORIES

#### 1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### 1.14 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

#### 1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.14 EMPLOYEE BENEFITS (CONTINUED)****1.14.1.1 Multi-employer defined benefit plans**

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

**1.14.1.2 Post Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

**1.14.2 Long-term Benefits****1.14.2.1 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018****1.14 EMPLOYEE BENEFITS (CONTINUED)**

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

**1.14.3 Short-term Benefits****1.14.3.1 Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

**1.14.3.2 Staff Bonuses Accrued**

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

**1.14.3.3 Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.15 PROVISIONS**

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018****1.15 PROVISIONS (CONTINUED)**

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

**1.16 LEASES**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

**1.16.1 Municipality as Lessee****1.16.1.1 Finance Leases**

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018****1.16 LEASES (CONTINUED)**

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

**1.16.1.2 Operating leases**

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

**1.16.2 Municipality as Lessor****1.16.2.1 Operating Leases**

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

**1.17 FINANCIAL INSTRUMENTS****1.17.1 Initial Recognition**

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.17 FINANCIAL INSTRUMENTS (CONTINUED)****1.17.2 Subsequent Measurement**

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
  - (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

**1.17.3 Impairment and uncollectability of financial assets**

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

**1.17.3.1 Financial assets measured at amortised cost**

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.17 FINANCIAL INSTRUMENTS (CONTINUED)**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

**1.17.3.2 Financial assets measured at cost**

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

**1.17.4 Derecognition of financial instruments****1.17.4.1 Financial assets**

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**1.17.4.2 Financial liabilities**

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

**1.17.5 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.18 STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

**1.18.1 Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

**1.18.2 Subsequent Measurement**

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

**1.18.3 Impairment and uncollectability of statutory receivables**

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

**1.18.4 Derecognition**

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018****1.18 STATUTORY RECEIVABLES (CONTINUED)**

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

**1.19 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

**1.20 RECEIVABLES**

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

**1.21 TAXES (VALUE ADDED TAX)**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

**1.22 PAYABLES AND ANNUITY LOANS**

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018****1.23 CONSUMER DEPOSITS**

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

**1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS**

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.25 RESERVES****1.25.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018****1.26 REVENUE**

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

**1.26.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

**1.26.1.1 Taxation Revenue**

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

**1.26.1.2 Transfer Revenue**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

**1.26.1.3 Fines**

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018****1.26 REVENUE (CONTINUED)****1.26.1.4 Insurance Receipts**

Revenue from third parties i.e. Insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

**1.26.1.5 Unclaimed deposits**

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

**1.26.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

**1.26.1.7 Services in-kind**

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

**1.26.1.8 Contributed Assets**

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.26 REVENUE (CONTINUED)****1.26.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

**1.26.2.1 Service Charges**

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

**1.26.2.2 Investment income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

**1.26.2.3 Rental income**

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.26 REVENUE (CONTINUED)****1.26.2.4 Income from Agency Services**

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

**1.26.2.5 Other Tariffs**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

**1.26.2.6 Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1.26.2.7 Deferred payment**

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

**1.27 BORROWING COSTS**

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018****1.28 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.30 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

**1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)**

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.33 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### 1.34 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

### 1.35 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional Independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### 1.36.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### 1.36.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### 1.36.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

#### 1.36.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

**1.36.5 Post-Retirement and Long-term Benefits**

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**1.36.6 Provisions and Contingent Liabilities**

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

**1.36.7 Financial assets and liabilities**

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

**1.36.8 Revenue Recognition**

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 2 CASH AND CASH EQUIVALENTS

	2018 R	2017 R
Primary Bank Account	32 751 461	24 345 119
Call and Notice Deposits	15 000 000	-
Cash Floats	16 850	16 350
<b>Total</b>	<b>47 768 311</b>	<b>24 361 469</b>

Due to the short term nature of cash deposits, all balances included above is in line with their fair value

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	400 460	1 370 000
Unspent Public Contributions	66 519	37 262
Unspent Annuity Loans	10 516 380	-
Capital Replacement Reserve	30 000 000	20 000 000
VAT Payable	-	172 130
Working Capital Requirements	6 784 951	2 782 077
<b>Total</b>	<b>47 768 311</b>	<b>24 361 469</b>

#### Primary Bank Account

Bredasdorp ABSA - Account number 40 5883 2586

Bank Statement Balance - Opening Balance	23 978 447	12 696 269
Bank Statement Balance - Closing Balance	28 787 116	23 978 447
Cashbook Balance - Opening Balance	24 345 119	14 369 648
Cashbook Balance - Closing Balance	32 751 461	24 345 119

#### Other Bank Accounts

Bredasdorp ABSA - Account number 40 6412 1626

The municipality utilises this account for traffic fine deposits. The account is cleared to the Primary Account on a monthly basis. There are no cash book balance nor bank account balance on 30 June 2017 and 30 June 2018.

Guarantees relating to the following entities are held at ABSA:

The Post Office	50 000	50 000
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#### Call and Notice Deposits

Call and Notice Deposits consist out of the following

Nedbank - Acc No 1470013142	10 000 000	-
Standard Bank - Acc No 83379975	5 000 000	-
<b>Total</b>	<b>15 000 000</b>	<b>-</b>

Interest between 7.225 % and 7.250 % were attracted by these short term deposits.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2018

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>39 050 361</b>	<b>16 590 097</b>	<b>22 460 264</b>
Electricity	14 574 572	2 602 207	11 972 365
Water	6 734 648	3 422 783	3 311 864
Refuse	4 754 229	2 818 023	1 936 207
Sewerage	3 333 953	2 058 188	1 275 765
Other Services	9 652 959	5 688 896	3 964 063
<b>Other Receivables</b>	<b>3 596 003</b>	<b>-</b>	<b>3 596 003</b>
Asset Sales	1 538 626	-	1 538 626
Accrued Interest	26 784	-	26 784
Payments in Advance	1 179 159	-	1 179 159
Other Arrears	851 434	-	851 434
<b>Total</b>	<b>42 646 364</b>	<b>16 590 097</b>	<b>26 056 267</b>

30 JUNE 2017

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>28 488 655</b>	<b>10 136 231</b>	<b>18 352 424</b>
Electricity	12 157 014	1 600 964	10 556 050
Water	5 620 494	2 973 301	2 647 193
Refuse	3 102 644	1 836 534	1 266 111
Sewerage	2 238 684	1 405 486	833 198
Other Services	5 369 819	2 319 946	3 049 872
<b>Other Receivables</b>	<b>3 793 174</b>	<b>-</b>	<b>3 793 174</b>
Asset Sales	2 036 336	-	2 036 336
Payments in Advance	1 053 911	-	1 053 911
Other Arrears	702 927	-	702 927
<b>Total</b>	<b>32 281 829</b>	<b>10 136 231</b>	<b>22 145 598</b>

Included in the outstanding balances are consumer debtors to the value of R 1 349 702 (2017 - R 1 401 881), who have made arrangements to repay their outstanding debt over a re-negotiated period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2018 R	2017 R
<b>Ageing of service receivables:</b>		
<b>Electricity Ageing</b>		
Current (0 - 30 days)	10 415 740	9 455 987
Past Due (31 - 60 Days)	1 203 780	910 150
Past Due (61 - 90 Days)	559 060	338 072
Past Due (90 Days +)	2 395 993	1 452 804
<b>Total</b>	<b>14 574 572</b>	<b>12 157 014</b>
<b>Water Ageing</b>		
Current (0 - 30 days)	2 506 247	2 232 585
Past Due (31 - 60 Days)	699 418	446 317
Past Due (61 - 90 Days)	483 147	255 692
Past Due (90 Days +)	3 045 835	2 685 899
<b>Total</b>	<b>6 734 648</b>	<b>5 620 494</b>
<b>Refuse Ageing</b>		
Current (0 - 30 days)	1 216 331	1 002 822
Past Due (31 - 60 Days)	558 587	271 264
Past Due (61 - 90 Days)	358 998	149 713
Past Due (90 Days +)	2 620 314	1 678 846
<b>Total</b>	<b>4 754 229</b>	<b>3 102 644</b>
<b>Sewerage Ageing</b>		
Current (0 - 30 days)	778 741	642 586
Past Due (31 - 60 Days)	398 074	206 216
Past Due (61 - 90 Days)	259 180	110 101
Past Due (90 Days +)	1 897 957	1 279 781
<b>Total</b>	<b>3 333 953</b>	<b>2 238 684</b>
<b>Other Services Ageing</b>		
Current (0 - 30 days)	2 140 994	2 417 332
Past Due (31 - 60 Days)	1 206 920	399 372
Past Due (61 - 90 Days)	786 023	622 101
Past Due (90 Days +)	5 519 022	1 931 014
<b>Total</b>	<b>9 652 959</b>	<b>5 369 819</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2018 R	2017 R
<b>Total Service Receivables Ageing</b>		
Current (0 - 30 days)	17 058 053	15 751 312
Past Due (31 - 60 Days)	4 066 780	2 233 319
Past Due (61 - 90 Days)	2 446 408	1 475 679
Past Due (90 Days +)	15 479 120	9 028 345
<b>Total</b>	<b>39 050 361</b>	<b>28 488 655</b>

#### Ageing per Customer Classification - 30 June 2018

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	12 898 541	3 957 979	201 534
Past Due (31 - 60 Days)	3 581 596	392 347	92 837
Past Due (61 - 90 Days)	2 251 778	136 244	58 386
Past Due (90 Days +)	14 621 534	487 619	369 967
<b>Sub-Total</b>	<b>33 353 449</b>	<b>4 974 188</b>	<b>722 724</b>
Less Allowance for Impairment	(15 701 883)	(545 782)	(342 432)
<b>Total</b>	<b>17 651 566</b>	<b>4 428 406</b>	<b>380 292</b>

#### Ageing per Customer Classification - 30 June 2017

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	10 477 793	5 226 563	46 956
Past Due (31 - 60 Days)	1 937 151	287 008	9 160
Past Due (61 - 90 Days)	966 563	503 951	5 165
Past Due (90 Days +)	8 520 122	422 591	85 632
<b>Sub-Total</b>	<b>21 901 629</b>	<b>6 440 112</b>	<b>146 914</b>
Less Allowance for Impairment	(9 599 899)	(455 831)	(80 501)
<b>Total</b>	<b>12 301 730</b>	<b>5 984 282</b>	<b>66 412</b>

Included in Consumers are indigent balances amounting to R 2 137 269 (2017 - R 2 605 445). These balances were fully impaired.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2018 R	2017 R
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	10 136 231	9 141 100
Contribution to the provision	7 978 306	4 913 913
Electricity	1 070 479	790 501
Water	837 573	1 401 970
Refuse	1 121 662	964 693
Sewerage	771 835	673 063
Other Services	4 176 757	1 083 686
Bad Debts Written off	(1 524 440)	(3 918 782)
Electricity	(69 236)	(447 961)
Water	(388 090)	(1 126 011)
Refuse	(140 173)	(509 203)
Sewerage	(119 134)	(403 432)
Other Services	(807 808)	(1 432 174)
<b>Balance at the end of the year</b>	<b>16 590 097</b>	<b>10 136 231</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>10 168 421</b>	<b>6 557 891</b>	<b>3 610 529</b>
Rates	10 168 421	6 557 891	3 610 529
<b>Other Receivables</b>	<b>14 699 800</b>	<b>11 952 501</b>	<b>2 747 299</b>
Unpaid Fines	14 683 500	11 952 501	2 730 999
Sundry Deposits	16 300	-	16 300
<b>Total</b>	<b>24 868 221</b>	<b>18 510 393</b>	<b>6 357 828</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2017

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	7 972 196	4 296 719	3 675 477
Rates	7 972 196	4 296 719	3 675 477
Other Receivables	17 100 613	6 356 529	10 744 084
Unpaid Fines	8 091 200	6 356 529	1 734 671
Government Grants	420 934	-	420 934
Department of Housing	8 572 180	-	8 572 180
Sundry Deposits	16 300	-	16 300
<b>Total</b>	<b>25 072 809</b>	<b>10 653 248</b>	<b>14 419 561</b>
Balance Previously Reported	24 595 309	10 283 224	14 312 085
Prior Period Adjustment - Refer to note 44.01	477 500	370 024	107 476
<b>Restated on 30 June 2017</b>	<b>25 072 809</b>	<b>10 653 248</b>	<b>14 419 561</b>

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

#### Ageing of service receivables:

##### Rates Ageing

	2018 R	2017 R
Current (0 - 30 days)	2 741 245	2 343 440
Past Due (31 - 60 Days)	617 851	419 614
Past Due (61 - 90 Days)	310 316	208 489
Past Due (90 Days +)	6 499 009	5 000 653
<b>Total</b>	<b>10 168 421</b>	<b>7 972 196</b>

#### Ageing per Customer Classification - 30 June 2018

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	2 636 998	104 119	128
Past Due (31 - 60 Days)	598 295	19 428	128
Past Due (61 - 90 Days)	290 378	15 558	4 379
Past Due (90 Days +)	5 509 155	121 079	868 775
<b>Sub-Total</b>	<b>9 034 827</b>	<b>260 185</b>	<b>873 409</b>
Less Allowance for Impairment	(5 576 938)	(112 133)	(868 821)
<b>Total</b>	<b>3 457 889</b>	<b>148 051</b>	<b>4 589</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification - 30 June 2017

	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 - 30 days)	2 270 176	72 747	518
Past Due (31 - 60 Days)	400 978	18 636	-
Past Due (61 - 90 Days)	193 667	13 092	1 730
Past Due (90 Days +)	4 007 587	197 162	795 903
<b>Sub-Total</b>	<b>6 872 408</b>	<b>301 637</b>	<b>798 151</b>
Less Allowance for Impairment	(3 312 033)	(188 693)	(795 993)
<b>Total</b>	<b>3 560 375</b>	<b>112 944</b>	<b>2 158</b>

Included in Consumers are indigent balances amounting to R 228 515 (2017 - R 349 900). These balances were fully impaired.

#### Department of Housing

The municipality performs certain activities on behalf of the department of housing in order to execute their housing mandate. These activities, which mainly relates to the channelling of funds from the department to the housing contractors through the municipality's bank account, are performed on an agency-principle basis. The following funds were channelled through the municipality during the period under review:

Opening Balance	(8 572 180)	-
Funds received	39 626 313	3 540 036
Expenditure incurred	(30 867 669)	(12 112 216)
Transfer to payables (unspent funds)	(186 464)	-
<b>Balance to be recovered</b>	<b>-</b>	<b>(8 572 180)</b>

#### Reconciliation of Allowance for impairment

Balance at the beginning of the year	10 653 248	9 571 463
Contribution to the provision	10 704 453	6 262 086
Rates	2 336 481	1 009 233
Fines	8 367 972	5 252 853
Bad Debts Written off	(2 847 308)	(5 180 301)
Rates	(75 308)	(395 970)
Fines	(2 772 000)	(4 784 331)
<b>Balance at the end of the year</b>	<b>18 510 393</b>	<b>10 653 248</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<p>The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.</p>		
<b>5 OPERATING LEASES</b>		
<b>5.1 OPERATING LEASE ASSETS</b>		
Operating Lease Asset	<u>217 306</u>	<u>140 757</u>
<p>The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.</p>		
Reconciliation of Operating Lease Asset:		
Balance at the beginning of the year	140 757	108 964
Movement during the year	<u>76 549</u>	<u>31 793</u>
Balance at the end of the year	<u>217 306</u>	<u>140 757</u>
<p>The municipality will receive the following lease payments from contracts that have defined lease payments and terms.</p>		
Within 1 Year	536 582	421 587
Between 1 and 5 Years	1 462 049	1 133 428
After 5 Years	<u>714 861</u>	<u>741 694</u>
	<u>2 713 492</u>	<u>2 296 710</u>
<p>The lease payments are in respect of properties being lease out over a period ranging up to 2028.</p>		
<b>5.2 OPERATING LEASE LIABILITIES</b>		
Operating Lease Liability	<u>14 325</u>	<u>11 812</u>
<p>The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.</p>		



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>5 OPERATING LEASES (CONTINUED)</b>		
Reconciliation of Operating Lease Liability:		
Balance at the beginning of the year	11 812	26 410
Movement during the year	2 513	(14 598)
Balance at the end of the year	<b>14 325</b>	<b>11 812</b>

The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	440 372	173 344
Between 1 and 5 Years	631 009	-
	<b>1 071 381</b>	<b>173 344</b>

The operating lease liability relates to the following lease arrangements:

The lease balance relates to the Tourism Office and "Old Nedbank Gebou" with lease terms ranging up to 31 December 2020.

## 6 LONG-TERM RECEIVABLES

Individual Housing Loans	218 867	227 152
<b>Sub-Total</b>	<b>218 867</b>	<b>227 152</b>
Less: Current portion of Long-term Receivables	7 248	31 117
Individual Housing Loans	7 248	31 117
<b>Total</b>	<b>211 619</b>	<b>196 035</b>

### Individual Housing Loans

The loans was granted to facilitate housing schemes in the municipal area.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>7 INVENTORY</b>		
Consumables	1 267 855	1 290 023
Water	39 742	36 444
<b>Total</b>	<b>1 307 597</b>	<b>1 326 467</b>

Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

No Inventory losses or surpluses were identified during the annual stores counts.

Inventory recognised as an expense during the year.	2 715 994	2 692 870
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### 8 INVESTMENT PROPERTY

Investment Property - Carrying Value	40 553 199	40 870 029
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The movement in investment properties is reconciled as follows:

<b>Opening Carrying Value</b>	<b>40 870 029</b>	<b>40 886 559</b>
Cost	40 998 133	41 006 133
Accumulated Depreciation	(128 104)	(119 574)
Additions	26 700	-
Depreciation for the year	(8 530)	(8 530)
Disposals	(335 000)	(8 000)
<b>Closing Carrying Value</b>	<b>40 553 199</b>	<b>40 870 029</b>
Cost	40 663 133	40 998 133
Accumulated Depreciation	(136 634)	(128 104)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

# CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018



MK: 30 Nov 2018

## 9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2018

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Opening Carrying Value	74 007 389	203 725 979	23 921 401	743 078	20 852 400	323 250 246
Cost	84 654 496	263 507 194	26 734 126	1 192 011	35 031 649	411 119 477
Accumulated Depreciation	(10 647 108)	(59 781 215)	(2 812 725)	(448 933)	(14 179 249)	(87 869 231)
Additions	117 912	23 449 950	1 919 223	-	4 586 165	30 073 250
Depreciation for the year	(285 540)	(7 350 625)	(389 181)	(193 654)	(2 367 717)	(10 586 716)
Disposals	-	(40 433)	-	(6 826)	(491 802)	(539 061)
Cost	-	(79 191)	-	(14 200)	(1 044 481)	(1 137 872)
Accumulated Depreciation	-	38 758	-	7 374	552 679	598 811
Closing Carrying Value	73 839 761	219 784 870	25 451 442	542 599	22 579 047	342 197 719
Cost	84 772 409	286 877 952	28 653 349	1 177 811	38 573 333	440 054 855
Accumulated Depreciation	(10 932 648)	(67 093 082)	(3 201 907)	(635 213)	(15 994 287)	(97 857 136)
Work In Progress	-	12 012 898	399 898	-	-	12 412 796

Work In Progress is included in carrying value of property plant and equipment.  
No Depreciation charge is recognised against these amounts.

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# CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018



MK: 30 Nov 2018

## 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2017

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Opening Carrying Value	73 635 653	195 148 213	21 411 846	936 738	20 478 395	311 610 845
Cost	84 035 635	248 460 104	23 909 346	1 192 011	32 849 854	390 446 951
Accumulated Depreciation	(10 399 983)	(53 311 890)	(2 497 500)	(255 273)	(12 371 459)	(78 836 106)
Additions	723 861	15 567 444	2 824 780	-	2 774 907	21 890 992
Depreciation for the year	(270 011)	(6 662 120)	(315 226)	(193 660)	(2 121 783)	(9 562 799)
Disposals	(82 114)	(327 559)	-	-	(279 119)	(688 792)
Cost	(105 000)	(520 354)	-	-	(593 112)	(1 218 466)
Accumulated Depreciation	22 886	192 795	-	-	313 993	529 674
Closing Carrying Value	74 007 389	203 725 979	23 921 401	743 078	20 852 400	323 250 246
Cost	84 654 496	263 507 194	26 734 126	1 192 011	35 031 649	411 119 477
Accumulated Depreciation	(10 647 108)	(59 781 215)	(2 812 725)	(448 933)	(14 179 249)	(87 869 231)
Work In Progress	-	8 460 181	140 400	-	-	8 600 581

Work In Progress is included in carrying value of property plant and equipment.  
No Depreciation charge is recognised against these amounts.

Balance Previously Reported	74 007 389	204 801 360	23 260 313	743 078	20 852 400	323 664 539
Prior Period Adjustment - Refer to note 44.02	-	(1 075 381)	661 088	-	-	(414 293)
Restated Balance on 30 June 2017	74 007 389	203 725 979	23 921 401	743 078	20 852 400	323 250 246

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### INTANGIBLE ASSETS

	2018 R	2017 R
Intangible Assets - Carrying Value	<u>4 865 323</u>	<u>3 572 415</u>

The movement in intangible assets is reconciled as follows:

<b>Opening Carrying Value</b>	<b>3 572 415</b>	<b>890 502</b>
Cost	4 490 727	1 542 652
Accumulated Amortisation	(918 312)	(652 150)
<b>Additions</b>	<b>1 602 825</b>	<b>3 000 995</b>
<b>Disposals</b>	<b>-</b>	<b>-</b>
Cost	-	(52 920)
Accumulated Depreciation	-	52 920
<b>Amortisation for the year</b>	<b>(309 916)</b>	<b>(319 083)</b>
<b>Closing Carrying Value</b>	<b>4 865 323</b>	<b>3 572 415</b>
Cost	6 093 551	4 490 727
Accumulated Amortisation	(1 228 228)	(918 312)
<b>Work in Progress</b>	<b>3 912 434</b>	<b>2 019 167</b>

Work In Progress is included in carrying value of intangible assets. No Amortisation charge is recognised against these amounts.

The work in progress balance only relates to the Phoenix (Vesta) Financial System in process of being implemented at the municipality at year-end. This implementation is required to ensure compliance with new mSCOA regulations that came into effect on 1 July 2017. Management expects that full implementation will be completed on 30 November 2018, being that date that the asset is considered ready for use in line with management's expectation.

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 10 INTANGIBLE ASSETS (CONTINUED)

The only contractual commitments for the acquisition of intangible assets is the additional cost for the procurement of comprehensive asset register whereby not all the functionality be covered in terms of the National Treasury Transversal RT25 tender with the procurement of the new Vesta - Phoenix financial system.

### 11 CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value

2018  
R

2017  
R

45 656 076

47 588 121

The movement in capitalised restoration cost is reconciled as follows:

#### Opening Carrying Value

47 588 121

48 676 251

Cost

54 321 828

54 280 815

Accumulated Depreciation

(3 546 075)

(2 416 932)

Accumulated Impairments

(3 187 632)

(3 187 632)

Additions

329 955

48 734

Disposals

(955 691)

(7 720)

Depreciation for the year

(1 129 958)

(1 129 143)

Impairments for the year

(176 350)

-

#### Closing Carrying Value

45 656 076

47 588 121

Cost

53 696 092

54 321 828

Accumulated Depreciation

(4 676 033)

(3 546 075)

Accumulated Impairments

(3 363 982)

(3 187 632)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and IGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cape Agulhas Municipality.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 11 CAPITALISED RESTORATION COST (PPE) (CONTINUED)

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 20 for more detail relating to this asset financed by way of a provision

### 12 LONG-TERM LIABILITIES

	2018 R	2017 R
Annuity Loans	19 258 961	2 351 106
Finance Lease Liabilities	-	345 138
<b>Sub-Total</b>	<b>19 258 961</b>	<b>2 696 243</b>
Less: Current portion of Long-term Liabilities	3 506 160	684 389
Annuity Loans	3 506 160	339 251
Finance Lease Liabilities	-	345 138
<b>Total</b>	<b>15 752 801</b>	<b>2 011 854</b>

Long Term Liabilities were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

The municipality opted to finance assets from external funding during the current and previous financial year. Detail are as follows:

Opening Balance - Outstanding Financing	2 400 000	-
Assets purchased	4 483 620	2 620 035
Annuity Loans Raised	(17 400 000)	(220 035)
<b>Closing Balance - Outstanding Financing/(Unspent Loans)</b>	<b>(10 516 380)</b>	<b>2 400 000</b>

The unspent loans relates to Annuity Loans raised at Nedbank during June 2018. The unspent fund will be utilised on capital projects included in the approved budget of the municipality after year-end. The total outstanding financing on 30 June 2017 relates to an ABSA loan only received by the municipality during July 2017.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>12 LONG-TERM LIABILITIES (CONTINUED)</b>		
<b>Annuity Loans</b>		
Amalgamated Banks of South Africa (ABSA)	4 258 961	2 351 106
Interest is calculated between 9.84% and 10.60% (2017 - 10.60%) interest rate. Loan period ranges from 5 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2027 . Annuity loans consist out of 6 (2017 - 5) loan agreements		
Nedbank	15 000 000	-
Interest is calculated between 9.20% and 10.35% interest rate. Loan period ranges from 3 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2028 . Annuity loans consist out of 3 loan agreements		
	<b>19 258 961</b>	<b>2 351 106</b>
Further detail relating to Annuity Loans is included in Appendix A.		
Annuity loans are payable as follows:		
Payable within one year	5 355 811	580 658
Payable within two to five years	14 645 747	1 942 362
Payable after five years	6 640 236	801 557
<b>Total amount payable</b>	<b>26 641 793</b>	<b>3 324 576</b>
<b>Less:</b> Outstanding Future Finance Charges	(7 382 832)	(973 471)
<b>Present value of annuity loans</b>	<b>19 258 961</b>	<b>2 351 106</b>

The prior year disclosure were adjusted to correct an allocation error between the "Payable within two to five years" and "Payable after five years" bracket amounting to R 200 389.

### Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date
1	Nashua (1 Copier - 36 Months)	9.00%	2017/02/28
2	Nashua (31 Copiers (2015 - 28 Copiers) - 36 Months)	9.37%	2018/05/31

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 12 LONG-TERM LIABILITIES (CONTINUED)

All lease agreements have no escalation clause over the respective periods. After the lease agreement expires, lease payments will continue on a month to month basis until the contract is renewed or cancelled. Equipment will be returned to the supplier at the end of the lease term when the contract is cancelled.

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2018 R	2017 R	2018 R	2017 R
1	95 010	111 772	-	-
2	447 588	631 306	-	345 138
	<b>542 599</b>	<b>743 078</b>	<b>-</b>	<b>345 138</b>

Although the lease term of both finance lease agreements have reached its end, the assets associated with these agreements are still being leased by the municipality on a month to month basis. The municipality controls the benefit associated with the assets until the month-to-month contract is cancelled and the equipment is returned to the supplier, at which point the carrying value of the asset will be derecognised.

Finance Lease Liabilities are payable as follows:

	2018 R	2017 R
Payable within one year	-	361 515
Payable within two to five years	-	-
<b>Total amount payable</b>	<b>-</b>	<b>361 515</b>
<b>Less: Outstanding Future Finance Charges</b>	<b>-</b>	<b>(16 377)</b>
<b>Present value of finance lease liabilities</b>	<b>-</b>	<b>345 138</b>

### 13 CONSUMER DEPOSITS

Electricity	2 780 651	2 669 476
Water	1 726 799	1 621 273
<b>Total</b>	<b>4 507 450</b>	<b>4 290 749</b>
 Guarantees held in lieu of Electricity and Water Deposits	 <b>172 000</b>	 <b>172 000</b>

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 14 PAYABLES FROM EXCHANGE TRANSACTIONS

	2018 R	2017 R
Trade Payables	19 248 793	28 016 447
Balance Previously Reported		27 355 359
Prior Period Adjustment - Refer to note 44.03		661 088
Retentions	1 824 486	1 219 478
Pre-Paid Electricity	279 669	250 011
Debtors with credit balances	1 793 782	1 367 313
Department of Housing	186 463	-
Sundry Creditors	650 807	709 996
Sundry Deposits	687 978	577 703
<b>Total</b>	<b>24 671 978</b>	<b>32 140 948</b>

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured.

Sundry deposits include Hall, Builders and Housing Deposits.

Refer to note 4 for more detail relating to the arrangement between the municipality and the department of Housing.

### 15 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	-	-
Balance Previously Reported		147 990
Prior Period Adjustments - Refer to note 44.04		(147 990)
Provincial Government	400 460	1 370 000
Balance Previously Reported		1 422 010
Prior Period Adjustments - Refer to note 44.04		(52 010)
<b>Total</b>	<b>400 460</b>	<b>1 370 000</b>

Detail reconciliations of all grants received and grant conditions met are included in note 23. Unspent grant balances are recognised to the extent that conditions are not yet met.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>15 UNSPENT CONDITIONAL GOVERNMENT GRANTS (CONTINUED)</b>		
No grants were withheld in the current year.		
Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.		
<b>16 UNSPENT PUBLIC CONTRIBUTIONS</b>		
Mayoral Golf Day	60 519	37 262
Youth Worker	6 000	-
<b>Total</b>	<b>66 519</b>	<b>37 262</b>
Detail reconciliations of all public contributions received are included in note 24. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.		
Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.		
<b>17 TAXES</b>		
VAT Output in Suspense	2 384 587	2 289 738
VAT Input in Suspense	(1 684 927)	(2 420 134)
VAT Payable to/(Refundable from) SARS	(20 568)	172 130
<b>Total</b>	<b>679 092</b>	<b>41 734</b>
VAT is accounted for on the payment basis.		
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies		
<b>18 CURRENT EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	1 255 537	1 167 381
Long Service Awards	732 198	567 910
Performance Bonuses	312 148	664 712
Bonuses	3 269 814	2 816 631
Staff Leave	5 918 199	5 566 530
<b>Total</b>	<b>11 487 896</b>	<b>10 783 164</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 18 CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current employee benefits are reconciled as follows:

#### Performance Bonuses

	2018 R	2017 R
Opening Balance	664 712	688 810
Contribution/(Reduction) during the year	(91 995)	602 988
Payments made	(260 568)	(627 086)
Opening Balance	<u>312 148</u>	<u>664 712</u>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

#### Bonuses

Opening Balance	2 816 631	2 478 310
Contribution during the year	5 949 611	5 017 071
Payments made	(5 496 429)	(4 678 750)
Opening Balance	<u>3 269 814</u>	<u>2 816 631</u>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

#### Staff Leave

Opening Balance	5 566 530	5 225 450
Contribution during the year	1 431 456	1 302 914
Payments made	(1 079 787)	(961 834)
Opening Balance	<u>5 918 199</u>	<u>5 566 530</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>19 EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	46 530 680	45 375 173
Long Service Awards	8 247 072	7 302 571
<b>Sub-Total</b>	<b>54 777 752</b>	<b>52 677 744</b>
Less: Current portion of Employee Benefits	<b>1 987 735</b>	<b>1 735 291</b>
Post Retirement Medical Benefits	1 255 537	1 167 381
Long Service Awards	732 198	567 910
<b>Total</b>	<b>52 790 017</b>	<b>50 942 453</b>

### 19.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

<b>Opening Balance</b>	<b>45 375 173</b>	<b>44 244 031</b>
Contribution during the year	6 758 077	6 699 008
Current Service Cost	2 512 615	2 402 556
Interest Cost	4 245 462	4 296 452
Payments made	(933 563)	(938 637)
Actuarial (Gain)/Loss	(4 669 007)	(4 629 229)
<b>Total balance at year-end</b>	<b>46 530 680</b>	<b>45 375 173</b>
Less Current Portion	1 255 537	1 167 381
<b>Total</b>	<b>45 275 143</b>	<b>44 207 792</b>

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2018	2017
In-service members	126	114
In-service non-members	216	234
Continuation members	25	25
<b>Total</b>	<b>367</b>	<b>373</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of past service has been estimated to be as follows:

	2018 R	2017 R
In-service members	31 032 859	29 634 993
Continuation members	15 497 821	15 740 180
<b>Total Unfunded Liability</b>	<b>46 530 680</b>	<b>45 375 173</b>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2016 R	2015 R	2014 R
In-service members	29 245 620	24 900 937	20 294 416
Continuation members	14 998 411	13 245 882	12 342 532
<b>Total Unfunded Liability</b>	<b>44 244 031</b>	<b>38 146 819</b>	<b>32 636 948</b>

Experience adjustments were calculated as follows:

	2018 R m	2017 R m
Liabilities: (Gain)/Loss	0.391	(0.130)
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2016 R m	2015 R m	2014 R m
Liabilities: (Gain)/Loss	2.923	1.761	(0.085)
Assets: Gain/(Loss)	-	-	-

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas  
 LA Health  
 Hosmed  
 Samwumed  
 Keyhealth

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

	2018	2017
<b>Interest Rates</b>		
Discount rate	9.88%	9.48%
Health Care Cost Inflation Rate	7.73%	7.89%
Net Effective Discount Rate	2.00%	1.47%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

#### Normal Retirement Age

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement.

#### Last Valuation

The last valuation was performed on 19 June 2018.

#### Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

#### Sensitivity Analysis - Liability at year-end

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	31.033	15.498	46.531	
Health care inflation				
+ 1%	38.517	16.970	55.487	19%
- 1%	25.173	14.211	39.384	-15%
Discount rate				
+ 1%	25.321	14.245	39.566	-15%
- 1%	38.428	16.953	55.381	19%
Post-retirement mortality				
- 1 year	32.085	16.076	48.160	4%
Average retirement age				
- 1 year	33.976	15.498	49.474	6%
Continuation of membership at retirement				
- 10%	27.546	15.498	43.044	-7%



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R m	Interest Cost R m	Total Cost R m	% change
Future Cost	2.510	4.539	7.049	
Health care inflation				
+ 1%	3.162	5.424	8.586	22%
- 1%	2.006	3.833	5.838	-17%
Discount rate				
+ 1%	2.037	4.240	6.277	-11%
- 1%	3.126	4.866	7.991	13%
Post-retirement mortality				
- 1 year	2.595	4.700	7.294	3%
Average retirement age				
- 1 year	2.737	4.830	7.566	7%
Continuation of membership at retirement				
- 10%	2.234	4.194	6.428	-9%

### 19.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

<b>Opening Balance</b>	<b>7 302 571</b>	<b>6 995 996</b>
Contribution during the year	1 155 759	1 174 311
Current Service Cost	568 721	561 403
Interest Cost	587 038	612 908
Payments made	(513 630)	(307 457)
Actuarial (Gain)/Loss	302 372	(560 279)
<b>Total balance at year-end</b>	<b>8 247 072</b>	<b>7 302 571</b>
Less Current Portion	732 198	567 910
<b>Total</b>	<b>7 514 874</b>	<b>6 734 661</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

The following members are eligible for long service bonuses:

	2018	2017
In-service members	336	348

The liability in respect of past service has been estimated to be as follows:

	2018 R	2017 R
In-service members	8 247 072	7 302 571
<b>Total Unfunded Liability</b>	<b>8 247 072</b>	<b>7 302 571</b>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2016 R	2015 R	2014 R
In-service members	6 995 996	5 819 691	5 013 580
<b>Total Unfunded Liability</b>	<b>6 995 996</b>	<b>5 819 691</b>	<b>5 013 580</b>

Experience adjustments were calculated as follows:

	2018 R	2017 R
Liabilities: (Gain)/Loss	510 705	244 031
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2016 R	2015 R	2014 R
Liabilities: (Gain)/Loss	892 912	335 973	624 617
Assets: Gain/(Loss)	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

2018

2017

Key Actuarial Assumptions used are as follows:

#### Interest Rates

Discount rate	8.87%	8.36%
General Salary Inflation (long-term)	6.55%	6.27%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.18%	1.96%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### Last Valuation

The last valuation was performed on 19 June 2018.

#### Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

#### Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	8.247	
General salary inflation		
+ 1%	8.861	7%
- 1%	7.697	-7%
Discount rate		
+ 1%	7.678	-7%
- 1%	8.894	8%
Average retirement age		
- 2 years	7.146	-13%
+ 2 years	9.056	10%
Withdrawal rates		
- 50 %	9.610	17%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service		Total Cost R	% change
	Cost R	Interest Cost R		
Future Cost	600 400	699 600	1 300 000	
General salary inflation				
+ 1%	654 700	754 000	1 408 700	8%
- 1%	552 600	650 800	1 203 400	-7%
Discount rate				
+ 1%	556 400	722 400	1 278 800	-2%
- 1%	651 100	671 500	1 322 600	2%
Average retirement age				
- 2 years	530 900	601 900	1 132 800	-13%
+ 2 years	660 900	771 300	1 432 200	10%
Withdrawal rates				
- 50 %	759 600	820 500	1 580 100	22%

#### 19.3 Other Pension Benefits

Defined Benefit Plans	2018 R	2017 R
Council contributes to the following defined benefit plans:		
LA Retirement Fund (former Cape Joint Pension Fund)	-	469 727
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 102.6% (30 June 2016 - 103.5%).		
Consolidated Retirement Fund (former Cape Retirement Fund)	11 058 073	10 104 612
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 118.0%.		
<b>Total</b>	<b>11 058 073</b>	<b>10 574 339</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

## 19 EMPLOYEE BENEFITS (CONTINUED)

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi Employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

	2018 R	2017 R
<b>Defined Contribution Plans</b>		
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	164 866	181 446
SAMWU National Provident Fund	1 091 828	1 066 301
<b>Total</b>	<b>1 256 694</b>	<b>1 247 747</b>

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### NON-CURRENT PROVISIONS

	2018 R	2017 R
Rehabilitation Provision - Landfill Sites	<u>69 781 716</u>	<u>66 297 464</u>

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	66 297 464	62 220 661
Contribution during the year	3 484 252	4 076 803
Increase/(Decrease) in estimate	(625 736)	32 460
Interest Cost	4 109 989	4 044 343
<b>Total balance at year-end</b>	<b>69 781 716</b>	<b>66 297 464</b>
Less Current Portion	-	-
<b>Total</b>	<b><u>69 781 716</u></b>	<b><u>66 297 464</u></b>

The total obligation at year-end can be attributed to the following sites:

Site	Expected Closure Date		
Bredasdorp	2066	28 262 023	27 413 815
Napier	2055	17 885 243	16 834 881
Waenhuiskrans	2055	3 564 628	3 454 879
Struisbaai	2055	15 538 262	14 492 910
L'Agulhas	Closed	4 531 560	4 100 978
<b>Total</b>		<b><u>69 781 716</u></b>	<b><u>66 297 464</u></b>

There are no current portion associated with this liability, as there are no intention to rehabilitate any sites within 12 months of reporting date.

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is benchmarked against the Earthworks Index as published by Statssa. The discount rate used was stated at 6.20% (2017 – 6.50%).

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 20 NON-CURRENT PROVISIONS

The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m<sup>2</sup>):

	2018	2017
Bredasdorp	77 370	77 370
Napier	40 810	40 810
Waenhuiskrans	4 500	4 500
Struisbaai	33 952	33 952
L'Agulhas	5 603	5 603

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter were estimated as follows (R/m<sup>2</sup>):

Bredasdorp	365	354
Napier	438	413
Waenhuiskrans	792	768
Struisbaai	458	427
L'Agulhas	809	732

### 21 RESERVES

	2018 R	2017 R
Accumulated Surplus	301 540 079	289 289 987
Capital Replacement Reserve	30 000 000	20 000 000
<b>Total</b>	<b>331 540 079</b>	<b>309 289 987</b>

### 22 PROPERTY RATES

Total Property Rates	61 482 441	55 201 074
Less: Rebates	(750 830)	(399 312)
<b>Total</b>	<b>60 731 610</b>	<b>54 801 761</b>

Property rate levied are based on the following rateable valuations:

Residential	6 553 907 300	6 873 609 700
Business & Commercial	656 002 000	585 616 000
Public benefit Organizations	56 040 000	93 459 000
Public Service Purpose	500 900 000	-
Public Service Infrastructure	673 008 500	-
State-owned	8 778 000	273 125 000
Agricultural	3 011 388 000	2 451 538 000
Municipal Property	237 156 550	-
Public Open Spaces	1 555 100	-
Other	160 068 000	529 454 200
<b>Total Valuation</b>	<b>11 858 803 450</b>	<b>10 806 801 900</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

22

### PROPERTY RATES (CONTINUED)

2018  
R

2017  
R

Historically, valuations on land and buildings were performed every four years. The next general valuation will be implemented on 1 July 2022 after which the valuations will be performed every 5 years.

The last valuation came into effect on 1 July 2017. This resulted in new rating categories and tariffs being implemented in line with the Property Rates Act.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

The following rates are applicable to the valuations above:

Residential Developed	0.006737 c / R	0.006541 c / R
Residential Vacant	0.006737 c / R	0.006541 c / R
Business and Commercial	0.007167 c / R	0.006826 c / R
Industrial	0.007167 c / R	0.006826 c / R
Public Benefit Organisations	0.006444 c / R	0.001636 c / R
State Owned	0.007167 c / R	0.006826 c / R
Agricultural - Bona fide	0.001685 c / R	0.001636 c / R
Public Service Purpose	0.006444 c / R	N/A
Public Service Infrastructure	0.001685 c / R	N/A
Multi Purpose - Agricultural	0.001685 c / R	N/A
Multi Purpose - Residential	0.006737 c / R	N/A
Multi Purpose - Business and Commercial	0.006541 c / R	N/A
Agricultural - Residential	N/A	0.006541 c / R
Agricultural - Business and Commercial	N/A	0.006826 c / R
Agricultural - Other	N/A	0.006541 c / R
Other	N/A	0.006541 c / R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 31 October. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

23

### GOVERNMENT GRANTS AND SUBSIDIES

#### Unconditional Grants - National Government

Equitable Share

#### Conditional Grants - National Government

Financial Management Grant (FMG)

Municipal Infrastructure Grant (MIG)

Skills Development Fund and SETA Bursaries

National Electrification Programme (INEP)

Expanded Public Works Program (EPWP)

#### Conditional Grants - Provincial Government

Library Grant

Proclaimed Road Subsidy

Other Provincial Allocations

#### Total

Disclosed as:

Government Grants and Subsidies - Capital

Government Grants and Subsidies - Operating

#### Total

Grants per Vote (MFMA Sec 123 (c)):

Equitable share

Engineering Services

Executive and Council

Financial Services & ICT

Management Services

#### Total

The comparative disclosure relating to "Grants per Vote" were reclassified in line with the 2017/2018 vote structure approved by Council.

2018

R

2017

R

25 190 060

23 075 000

25 190 060

23 075 000

17 478 448

14 938 787

1 550 000

1 475 000

11 118 000

10 501 000

2 679 448

752 787

1 000 000

1 000 000

1 131 000

1 210 000

7 251 626

6 737 015

5 584 000

5 350 000

72 086

52 025

1 595 540

1 334 990

49 920 134

44 750 802

12 456 582

10 815 689

37 463 553

33 935 113

49 920 134

44 750 802

25 190 060

23 075 000

12 889 732

13 025 025

3 190 728

848 787

2 120 000

1 842 990

6 529 615

5 959 000

49 920 134

44 750 802

20

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
The movements per grant can be summarised as follows:		
<b>23.01 Equitable Share</b>		
Grants Received	25 190 060	23 075 000
Transferred to Revenue - Operating	(25 190 060)	(23 075 000)
<b>Closing Unspent Balance</b>	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>23.02 Financial Management Grant (FMG)</b>		
Grants Received	1 550 000	1 475 000
Transferred to Revenue - Capital	(1 431 749)	(707 855)
Transferred to Revenue - Operating	(118 251)	(767 145)
<b>Closing Unspent Balance</b>	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>23.03 Municipal Infrastructure Grant (MIG)</b>		
Grants Received	11 118 000	10 501 000
Transferred to Revenue - Capital	(9 462 266)	(8 571 914)
Transferred to Revenue - Operating	(1 655 734)	(1 929 086)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
<b>23.04 Skills Development Fund and SETA Bursaries</b>		
Opening Unspent Balance	-	130 760
Grants Received	3 100 382	201 093
Transferred to Revenue - Operating	(2 679 448)	(752 787)
Transferred to/(from) Receivables	(420 934)	420 934
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The Skills Development fund (including SETA allocations) is utilised to cover expenditure relating to training and bursary beneficiaries defined.		
<b>23.05 National Electrification Programme (INEP)</b>		
Grants Received	1 000 000	1 000 000
Transferred to Revenue - Capital	(989 633)	(1 000 000)
Transferred to Revenue - Operating	(10 367)	-
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.		
<b>23.06 Expanded Public Works Program (EPWP)</b>		
Grants Received	1 131 000	1 210 000
Transferred to Revenue - Operating	(1 131 000)	(1 210 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>23.07 Library Grant</b>		
Grants Received	5 584 000	5 350 000
Transferred to Revenue - Capital	(228 133)	(430 061)
Transferred to Revenue - Operating	(5 355 867)	(4 919 939)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The library grants is utilised to fund the cost of providing library services within the municipal area.		
<b>23.08 Proclaimed Road Subsidy</b>		
Grants Received	72 086	52 025
Transferred to Revenue - Operating	(72 086)	(52 025)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The subsidy is utilised to upgrade and maintain the provincial road network in the municipal area.		
<b>23.09 Other Provincial Allocations</b>		
Opening Unspent Balance	1 370 000	147 990
Grants Received	626 000	2 557 000
Transferred to Revenue - Capital	(344 800)	(105 859)
Transferred to Revenue - Operating	(1 250 740)	(1 229 131)
<b>Closing Unspent Balance</b>	<b>400 460</b>	<b>1 370 000</b>
Other Provincial Allocations includes grants such as:		
- Community Development Workers (CDW)		
- Provincial Finance Management Support Grant		
- Provincial Municipal Infrastructure Support Grant		
- Thusong Centre Grant		
- Department of Cultural Affairs and Sport		
<b>23.1 Total Grants</b>		
Opening Unspent Balance	1 370 000	278 750
Grants Received	49 371 528	45 421 118
Transferred to Revenue - Capital	(12 456 582)	(10 815 689)
Transferred to Revenue - Operating	(37 463 553)	(33 935 113)
Transferred to/(from) Receivables	(420 934)	420 934
<b>Closing Unspent Balance</b>	<b>400 460</b>	<b>1 370 000</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>24 PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Mayoral Golf Day	30 000	30 585
Disaster Contribution (Fire)	16 500	-
Youth Worker	10 000	-
Marine Drive Cables	-	57 358
P & B Limeworks	-	58 787
Keurtjielaan 13	-	53 061
<b>Total</b>	<b>56 500</b>	<b>199 791</b>
Disclosed as:		
Public Contributions and Donations - Capital	-	164 509
Public Contributions and Donations - Operating	56 500	35 282
<b>Total</b>	<b>56 500</b>	<b>199 791</b>

The movements per public contribution can be summarised as follows:

### 24.01 Mayoral Golf Day

Opening Unspent Balance	37 262	30 585
Public Contributions during the year	53 257	37 262
Transferred to Revenue - Operating	(30 000)	(30 585)
<b>Closing Unspent Balance</b>	<b>60 519</b>	<b>37 262</b>

The public contribution relates to Mayoral Charity Golf Days held in Bredasdorp on 5 March 2016, 3 March 2017 and 2 March 2018. The funds raised at the event will be utilised to support Youth Development programmes in the municipal area.

### 24.02 Youth Worker

Public Contributions during the year	16 000	-
Transferred to Revenue - Operating	(10 000)	-
<b>Closing Unspent Balance</b>	<b>6 000</b>	<b>-</b>

Public contribution by Realty 1, Struisbaai to support the monthly payment of salary in terms of one youth worker at Struisbaai aligned with Council's vision to support Youth Development in the Cape Agulhas area.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>24 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)</b>		
<b>24.03 Disaster Contribution (Fire)</b>		
Public Contributions during the year	16 500	-
Transferred to Revenue - Operating	(16 500)	-
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
Public contribution by residents of the Struisbaai area to assist homeless people in Struisbaai North who lost all their belongings during a fire		
<b>24.04 Marine Drive Cables</b>		
Opening Unspent Balance	-	57 358
Transferred to Revenue - Capital	-	(57 358)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
Contribution for the replacement of overhead lines with underground cable in Marine Drive (Andre Mouton - Stand 1251 & H Myburgh Stand 1021).		
<b>24.05 P &amp; B Limeworks</b>		
Public Contributions during the year	-	58 787
Transferred to Revenue - Capital	-	(58 787)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
Contribution for a new overhead LT for connection to the feedlot and office of P & B Limeworks.		
<b>24.06 Keurtjielaan 13</b>		
Public Contributions during the year	-	53 061
Transferred to Revenue - Capital	-	(48 364)
Transferred to Revenue - Operating	-	(4 697)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
Contribution for the replacement of overhead lines with underground cable in Keurtjie Drive.		
<b>24.07 Total</b>		
Opening Unspent Balance	37 262	87 943
Public Contributions during the year	85 757	149 110
Transferred to Revenue - Capital	-	(164 509)
Transferred to Revenue - Operating	(56 500)	(35 282)
<b>Closing Unspent Balance</b>	<b>66 519</b>	<b>37 262</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>25 CONTRIBUTED ASSETS</b>		
Department of Housing (GAP Infrastructure)	6 804 347	-
Electricity Infrastructure	871 877	533 882
Library Assets	-	186 184
Investment Property	26 700	-
<b>Total</b>	<b>7 702 924</b>	<b>720 066</b>
<b>26 FINES</b>		
Traffic Fines	11 776 103	6 864 815
Library Fines	31 993	31 172
<b>Total</b>	<b>11 808 096</b>	<b>6 895 987</b>
In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
<b>27 ACTUARIAL GAINS</b>		
Post Retirement Medical Benefits	4 669 007	4 629 229
Long Service Awards	-	560 279
<b>Total</b>	<b>4 669 007</b>	<b>5 189 508</b>
<b>28 SERVICE CHARGES</b>		
Electricity Revenue	102 079 035	95 089 987
Water Revenue	25 485 251	24 474 041
Refuse Removal Revenue	19 419 706	16 955 654
Sewerage and Sanitation Revenue	12 749 264	11 407 291
<b>Total Revenue</b>	<b>159 733 256</b>	<b>147 926 973</b>
Less: Rebates	(9 383 353)	(8 810 441)
Water Revenue	(3 001 041)	(2 754 939)
Refuse Removal Revenue	(3 979 207)	(3 606 842)
Sewerage and Sanitation Revenue	(2 403 106)	(2 448 660)
<b>Total</b>	<b>150 349 902</b>	<b>139 116 532</b>

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>29 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Halls and Offices	275 084	308 544
Properties	2 085 092	1 257 023
Resorts	6 979 406	6 190 485
Sports Grounds	10 279	12 645
Other	1 218	18 070
<b>Total</b>	<b>9 351 079</b>	<b>7 786 767</b>
<b>30 INTEREST EARNED - OUTSTANDING DEBTORS</b>		
Interest Earned - Service Debtors	861 792	1 021 266
Interest Earned - Penalty Interest on Property Rates	457 590	542 267
<b>Total</b>	<b>1 319 382</b>	<b>1 563 532</b>
<b>31 OTHER INCOME</b>		
Connections - Electricity	1 388 778	1 476 296
Connections - Water	846 899	687 525
Connections - Sewer	254 352	257 004
Building Plan Fees	1 381 031	866 445
Garden Refuse Removal	17 868	19 185
Sundry Income	2 579 001	1 744 921
<b>Total</b>	<b>6 467 929</b>	<b>5 051 376</b>
Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, , burial fees, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.		
<b>32 EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	78 505 679	73 271 812
Pension and UIF Contributions	12 379 072	11 676 757
Medical Aid Contributions	4 123 877	3 936 984
Overtime	3 613 543	3 398 338
Motor Vehicle Allowance	5 591 655	5 421 893
Cellphone Allowance	438 831	416 395
Housing Allowances	1 002 027	1 014 498
Acting Allowance	1 126 744	681 837
Other benefits and allowances	3 546 076	3 267 791
Workmens Compensation Contributions	701 867	578 620
Payments in lieu of leave	1 431 456	1 302 914
Long service awards	568 721	561 403
Post Retirement Medical Benefits	2 512 615	2 402 556
<b>Total</b>	<b>115 542 164</b>	<b>107 931 799</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

## 32 EMPLOYEE RELATED COSTS (CONTINUED)

The total employee related cost includes temporary workers funded from the Expanded Public Works Programme Grant, Financial Management Grant, Municipal Infrastructure Grant and internal funded job creation programmes over the festive season.

**Remuneration of Key Personnel**

All Managers are appointed on a 5-year contract, except for the current Director Infrastructure Services (Mr A Jacobs) who is appointed on a 10 year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:

**Remuneration of the Municipal Manager - D O'Neill (16/08/2017 to 31/07/2022)**

	2018 R	2017 R
Basic Salary	1 418 178	1 148 092
Pension and UIF Contributions	56 596	210 587
Medical Aid Contributions	47 305	45 552
Performance Bonus	116 276	191 966
Motor Vehicle Allowance	120 904	104 730
Cellphone Allowance	11 760	4 018
Payments in lieu of leave	165 810	76 610
Other benefits and allowances	10 004	17 688
<b>Total</b>	<b>1 946 833</b>	<b>1 799 243</b>

**Remuneration of the Community Services Manager - KM Mrali (01/08/2013 to 31/07/2018)**

Basic Salary	960 247	804 875
Pension and UIF Contributions	189 773	160 365
Medical Aid Contributions	47 305	46 452
Performance Bonus	50 302	104 400
Motor Vehicle Allowance	40 686	39 534
Cellphone Allowance	-	138
Other benefits and allowances	-	11 137
<b>Total</b>	<b>1 288 313</b>	<b>1 166 902</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 32 EMPLOYEE RELATED COSTS (CONTINUED)

	2018 R	2017 R
<b>Remuneration of the Corporate Services Manager - S Ngwevu (01/03/2013 to 28/02/2018)</b>		
Basic Salary	714 534	804 875
Pension and UIF Contributions	14 277	160 366
Medical Aid Contributions	3 942	46 452
Performance Bonus	-	104 400
Motor Vehicle Allowance	3 000	50 344
Cellphone Allowance	1 350	16 200
Payments in lieu of leave	-	9 697
Other benefits and allowances	8	16 071
<b>Total</b>	<b>737 112</b>	<b>1 208 404</b>
<b>Remuneration of the Civil Engineering Services Manager - N Kotze (01/01/2013 to 31/12/2017)</b>		
Basic Salary	118 928	781 763
Pension and UIF Contributions	27 800	154 330
Medical Aid Contributions	7 884	46 452
Performance Bonus	-	104 400
Motor Vehicle Allowance	10 642	72 577
Cellphone Allowance	-	5 487
Payments in lieu of leave	143 664	25 117
Other benefits and allowances	17	11 915
<b>Total</b>	<b>308 935</b>	<b>1 202 041</b>
<b>Remuneration of the Civil Engineering Services Manager - AA Jacobs (20/06/2018 to 30/06/2028)</b>		
Basic Salary	27 096	-
Pension and UIF Contributions	149	-
Cellphone Allowance	461	-
Other benefits and allowances	1 938	-
<b>Total</b>	<b>29 643</b>	<b>-</b>
<b>Remuneration of the Chief Financial Officer - PJ Van Biljon (01/08/2017 to 31/07/2022)</b>		
Basic Salary	1 110 456	893 962
Pension and UIF Contributions	31 174	162 698
Medical Aid Contributions	47 305	45 645
Performance Bonus	93 990	121 921
Motor Vehicle Allowance	139 318	132 204
Cellphone Allowance	14 400	14 400
Payments in lieu of leave	214 059	-
Other benefits and allowances	6 808	19 105
<b>Total</b>	<b>1 657 510</b>	<b>1 389 935</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

33

### REMUNERATION OF COUNCILLORS

Councillor Allowance	3 080 623	2 820 441
Cellphone Allowance	240 900	269 571
Motor Vehicle Allowance	1 162 788	1 112 101
Pension Contributions	515 333	541 337
Medical Aid Contributions	60 222	-
<b>Total</b>	<b>5 059 866</b>	<b>4 743 451</b>

#### In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.

The municipal election took place on 3 August 2016 and new councillors were elected as from 15 August 2016. The composition of the Council were as follows prior to and subsequent the elections:

#### Incoming Council

Executive Mayor	P J Swart	817 782	700 042
Executive Deputy Mayor	Z Tonisi	663 390	565 880
Speaker	J G A Niewoudt	660 879	562 860
Councillor - Mayoral Committee	G D Burger	621 468	529 291
Councillor - Mayoral Committee	M October	621 210	530 439
Councillor - Part time	D Jantjies	279 284	241 517
Councillor - Part time	E C Marthinus	279 284	241 517
Councillor - Part time	E Sauls	279 142	222 422
Councillor - Part time	C J Jacobs	279 142	235 367
Councillor - Part time	R J Baker	279 142	235 367
Councillor - Part time	D J Europa	279 142	235 367

#### Outgoing Council

Executive Mayor	R G Mitchell	-	88 220
Executive Deputy Mayor	D Jantjies	-	64 385
Speaker	E C Marthinus	-	64 385
Councillor - Mayoral Committee	M R Mokotwana	-	69 838
Councillor - Part time	P N Atyhosi	-	29 255
Councillor - Part time	J G A Niewoudt	-	28 566
Councillor - Part time	G D Burger	-	28 566
Councillor - Part time	Z Tonisi	-	28 504
Councillor - Part time	E Sauls	-	41 663
<b>Total</b>		<b>5 059 866</b>	<b>4 743 451</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>34 DEBT IMPAIRMENT</b>		
Receivables from exchange transactions	7 978 306	4 913 913
Receivables from non-exchange transactions	10 704 453	6 262 086
<b>Total Debt Impairment</b>	<b>18 682 759</b>	<b>11 175 999</b>
Movement in VAT included in debt impairment	(521 785)	(210 134)
<b>Total</b>	<b>18 160 974</b>	<b>10 965 865</b>
<b>35 DEPRECIATION AND AMORTISATION</b>		
Investment Property	8 530	8 530
Property, Plant and Equipment	10 586 716	9 562 799
Intangible Assets	309 916	319 083
Capitalised Restoration Cost (PPE)	1 129 958	1 129 143
<b>Total</b>	<b>12 035 121</b>	<b>11 019 554</b>
<b>36 IMPAIRMENTS</b>		
Capitalised Restoration Cost (PPE)	176 350	-
<b>Total</b>	<b>176 350</b>	<b>-</b>
<b>37 REPAIRS AND MAINTENANCE</b>		
In the prior year the Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. Accordingly, the the items were reclassified to the following line items.		
Employee Related Costs	33 841 798	20 513 284
Contracted Services	9 789 577	5 491 265
Other Expenditure	7 194 857	10 294 345
	<b>50 826 232</b>	<b>36 298 894</b>
In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:		
Furniture, Office Equipment and Tools	502 178	683 227
Buildings and Commonage	9 923 095	10 225 729
Computer Software	2 526 444	2 657 948
Vehicles	3 722 332	2 970 122
Infrastructure: Roads and Stormwater	10 866 024	5 808 017
Infrastructure: Electricity	6 713 817	3 468 158
Infrastructure: Sewerage	5 825 146	4 431 121
Infrastructure: Water	9 471 991	4 847 653
Infrastructure: Refuse	1 275 206	1 206 920
<b>Total</b>	<b>50 826 232</b>	<b>36 298 894</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>38 ACTUARIAL LOSSES</b>		
Long Service Awards	302 372	-
<b>Total</b>	<b>302 372</b>	<b>-</b>
<b>39 FINANCE CHARGES</b>		
<b>Finance Charges - Cash</b>	<b>490 202</b>	<b>353 392</b>
Annuity Loans	473 824	301 929
Finance Lease Liabilities	16 377	51 463
<b>Finance Charges - Non-Cash</b>	<b>8 942 489</b>	<b>8 953 703</b>
Rehabilitation Provision - Landfill Sites	4 109 989	4 044 343
Post Retirement Medical Benefits	4 245 462	4 296 452
Long Service Awards	587 038	612 908
<b>Total</b>	<b>9 432 690</b>	<b>9 307 095</b>
<b>40 BULK PURCHASES</b>		
Electricity	75 188 246	72 911 171
Water	169 463	170 577
<b>Total</b>	<b>75 357 709</b>	<b>73 081 748</b>
<b>41 CONTRACTED SERVICES</b>		
Audit Committee	29 176	87 205
Cleaning Services	1 572	15 445
Clearing & Grass Cutting Services	65 638	65 340
Debt Collection Services	85 749	146 378
Fire Services	750 000	-
Information Technology Support	2 895 596	1 980 325
Legal fees	291 992	553 326
Maintenance of Buildings and Facilities	1 096 321	973 061
Maintenance of Equipment and Other Assets	6 073 233	1 704 523
Professional Services	2 881 243	4 682 131
Property Valuation	88 300	1 288 496
Refuse Removal	2 550 498	1 409 352
Roads and Stormwater	12 500	81 025
Security Services	660 680	711 819
Traffic Fine Management	907 544	514 411
<b>Total</b>	<b>18 390 041</b>	<b>14 212 835</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>42 TRANSFERS AND GRANTS</b>		
Contribution - Elim Community	25 736	300 000
Contribution - Kassiebaai Community	120 000	120 000
Contribution - Shipwreck Museum	45 652	50 000
Contribution - Tourism Buro	900 900	858 000
Contribution - Overberg Radio	120 000	100 000
Contribution - Ons Huis	50 000	-
Contribution - Save House	100 000	-
Public Funded Grants	30 000	30 585
Subsidy - Low Cost Housing	5 919	6 401
<b>Total</b>	<b>1 398 206</b>	<b>1 464 986</b>
<b>43 OTHER EXPENDITURE</b>		
Advertising	264 418	224 646
Audit fees	3 105 768	2 864 867
Bank Charges	1 040 780	884 652
Bursaries	2 999 120	526 514
Chemicals	2 314 176	2 484 572
Cleaning material	248 955	232 863
Cleaning services & washing	95 947	102 425
Commission Paid	1 512 583	1 362 317
Conferences & Seminars	46 148	60 922
Donations	119 980	119 000
Entertainment costs	217 573	232 676
Equipment Hire	180 066	881 402
Free Basic Electricity	361 686	389 039
Fuel Cost	2 776 372	2 819 103
Insurance	660 131	644 565
License fees	5 822	8 277
License fees - Vehicles	186 961	132 767
Life Guards (Beaches)	237 870	196 049
Local Economic Development	50 000	50 563
Maintenance Materials and Small Tools	3 820 639	5 837 406
Marketing	477 640	491 805
Oil & Lubricants	22 232	101 905
Postage	710 275	836 962
Printing & Stationery	882 759	696 263

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<b>43 OTHER EXPENDITURE (CONTINUED)</b>		
Protective Clothing	422 194	543 417
Public Communication	151 723	148 867
Recruiting Costs	32 018	-
Refuse Bags	752 162	678 177
Rental Paid	738 562	690 824
Service Charges	947 125	942 383
Service connections - new	190 791	166 648
Shared Services - Risk Management	118 928	181 946
Social Assistance	86 293	67 195
Socio-Economic Development	161 198	243 719
Structure - & Zoning planning	29 900	953 065
Subscriptions - Organisations	1 168 538	1 031 853
Subsistence & Travel Allowances	1 208 817	684 764
Telephone costs	915 953	1 030 318
Training & Development - Staff	1 587 051	1 222 684
Training Levy	906 119	953 991
Tyres	211 860	645 613
Union Representative	36 929	40 101
Ward Committees	510 884	512 300
Other	1 839 001	1 738 559
<b>Total</b>	<b>34 353 944</b>	<b>34 657 982</b>
<b>44 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
<b>44.01 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Balance previously reported		14 312 085
Fines issued during 2016/2017 incorrectly excluded from accounting records - Refer to note 44.06		107 476
Effect on Gross Receivable		477 500
Effect on Impairment		(370 024)
<b>Restated Balance on 30 June 2017</b>		<b>14 419 561</b>
<b>44.02 PROPERTY PLANT AND EQUIPMENT</b>		
Balance previously reported		323 664 539
Accrual relating to Thusong Centre incorrectly not raised on 30 June 2017 - Refer to note 44.03		661 088
Correction of Housing Top Structures incorrectly capitalised in prior period up to 30 June 2016 - Refer to note 44.05		(1 075 381)
<b>Restated Balance on 30 June 2017</b>		<b>323 250 246</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2017 R
<b>44 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3</b>	
<b>44.03 PAYABLES FROM EXCHANGE TRANSACTIONS</b>	
Balance previously reported	31 479 859
Accrual relating to Thusong Centre incorrectly not raised on 30 June 2017 - Refer to note 44.02	661 088
<b>Restated Balance on 30 June 2017</b>	<b>32 140 948</b>
<b>44.04 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>	
Balance previously reported	1 570 000
Incorrect allocation between National and Provincial Government	-
Effect on Provincial Government	147 990
Effect on National Government	(147 990)
Provincial Allocation previously not recognised as revenue (DPLG Water Meters) - Refer to note 44.06	(200 000)
<b>Restated Balance on 30 June 2017</b>	<b>1 370 000</b>
<b>44.05 ACCUMULATED SURPLUS</b>	
Balance previously reported	290 057 891
Corrections relating to 2016/2017 - Refer to note 44.06	307 476
<u>Corrections up to 30 June 2016</u>	
Correction of Housing Top Structures incorrectly capitalised in prior period up to 30 June 2016 - Refer to note 44.02	(1 075 381)
<b>Restated Balance on 30 June 2017</b>	<b>289 289 987</b>
<b>44.06 STATEMENT OF FINANCIAL PERFORMANCE</b>	
Balance previously reported	2 723 376
Provincial Allocation previously not recognised as revenue (DPLG Water Meters) - Refer to note 44.04	200 000
Fines issued during 2016/2017 incorrectly excluded from accounting records - Refer to note 44.01	107 476
Effect on Fines	477 500
Effect on Debt Impairment	(370 024)
<b>Restated Balance on 30 June 2017</b>	<b>3 030 852</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

2017  
R

### 45 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATION IN TERMS OF GRAP 1

#### 45.01 STATEMENT OF FINANCIAL PERFORMANCE

The following items were reclassified in the current year to ensure alignment with GRAP.

Effect on Other Expenditure	1 187 246
Effect on Contracted Services	(1 187 246)
<b>Net Effect on Surplus for the Year</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

46

### NET CASH FROM OPERATING ACTIVITIES

#### Net Surplus for the year

2018

R

22 250 093

2017

R

3 030 852

#### Adjusted for:

#### Non-Cash Revenue

(16 956 276)

(5 930 127)

Reversal of Impairments

-

-

Actuarial Gains

(4 669 007)

(5 189 508)

Gain on Disposal of PPE

(4 584 345)

(12 000)

Decrease in Landfill Site Provision

-

(8 554)

Contributed Assets

(7 702 924)

(720 066)

#### Non-Cash Expenditure

40 156 366

31 627 914

Debt Impairment

18 160 974

10 965 865

Depreciation and Amortisation

12 035 121

11 019 554

Impairments

176 350

-

Actuarial losses

302 372

-

Finance Charges

8 942 489

8 953 703

Loss on disposal of PPE

539 061

688 792

#### Contributions - Provisions and Employee Benefits

10 370 408

9 886 933

Post Retirement Medical Benefits

2 512 615

2 402 556

Long Service Awards

568 721

561 403

Performance Bonuses

(91 995)

602 988

Bonuses

5 949 611

5 017 071

Staff Leave

1 431 456

1 302 914

#### Expenditure - Provisions and Employee Benefits

(8 283 977)

(7 513 765)

Post Retirement Medical Benefits

(933 563)

(938 637)

Long Service Awards

(513 630)

(307 457)

Performance Bonuses

(260 568)

(627 086)

Bonuses

(5 496 429)

(4 678 750)

Staff Leave

(1 079 787)

(961 834)

#### Other adjustments

(4 445 785)

(9 145 474)

Bad Debts Written Off

(4 371 748)

(9 099 083)

Movement on Operating Lease Asset

(76 549)

(31 793)

Movement on Operating Lease Liability

2 513

(14 598)

#### Operating Surplus before changes in working capital

43 090 829

21 956 333

#### Movement in working capital

(17 391 185)

12 540 470

Receivables (Exchange and Non-Exchange)

(9 638 162)

(9 906 318)

Inventory

18 869

151 898

Payables from exchange transactions

(7 468 969)

22 543 001

Unspent Conditional Government Grants

(969 540)

1 091 250

Unspent Public Contributions

29 257

(50 681)

Taxes

637 359

(1 288 680)

#### Cash Flow from Operating Activities

25 699 644

34 496 803

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018	2017
	R	R
<b>47 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	32 751 461	24 345 119
Call and Notice Deposits	15 000 000	-
Cash Floats	16 850	16 350
<b>Total</b>	<b>47 768 311</b>	<b>24 361 469</b>

Refer to note 2 for more details relating to cash and cash equivalents.

### 48 BUDGET COMPARISONS

#### 48.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

##### Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

##### Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items as well as the items highlighted in the reasons for deviations:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income and Insurance Receipts.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 48 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure, Repairs and Maintenance and Actuarial Losses.

#### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

### 48.2 MATERIAL VARIANCES

#### Statement of financial position - Budget Adjustments

Cash	Due to conservative budget assumptions the municipality had to review and align its budget to more realistic financial year's projected actual cash results based on the anticipated revenue and expenditure trends.
Consumer Debtors	Due to conservative budget assumptions the municipality had to review and align its budget to more realistic financial year's projected actual cash results based on the anticipated revenue and expenditure trends.
Other Receivables	An adjustment is required mainly due to the projected downward in the collection of fines issued as well as the increase of long outstanding debt past 90 days which led to an increase in debt impairment during current year.
Property, Plant And Equipment	Align budget to the prior year actual results and incorporate adjustments to proposed capital budget and depreciation charges mainly due to projected savings anticipated
Intangible Assets	Align budget to additional needs requirements identified and the new projected actual results mainly with reference to additional / optional mSCOA module requirements i.r.o assets & HR related matters on the financial system .
Trade and Other Payables	Adjust payables in line with revised and projected expenditure trends and assumptions relating to period of payment days.
Provisions and Employee Benefits (Current and Non-Current)	Account mainly for revised expenditure forecast received from the Actuaries relating to Employee Benefits (Long Service and Post Employment Health Benefits)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

48

### BUDGET COMPARISONS (CONTINUED)

Reserves	Account for the adequate level of Capital Replacement Reserve aligned with Council's strategic objective based on anticipated Cash levels on 30 June 2018.
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### Statement of financial position - Budget versus Actual

Cash and Call Investments	Improved cash levels mainly the result of a conservative approach when budgeting for cash as well as material unspent loans on 30 June 2018.
Consumer Debtors	Main reason for the deviation is largely due to the fact that no effective credit control could be applied for the period under review as a results of the conversion to the new financial system and implementation of MSCOA requirements. The tough and poor economic circumstances / debtor payments also contributed to the under budgeting.
Other Debtors	Full year actuals significant less than anticipated mainly as a result of the decrease in the payment recovery rate for traffic fines and the anticipated increase in debt impairment compare to the previous financial year provision.
Property, Plant And Equipment	Deviation mainly as a result of contributed assets not foreseen during the mid-year assessment and accordingly not sufficiently budgeted on the Capital Budget.
Borrowing	additional external borrowing earmarked for the full medium term budget period and not anticipated during the adjustment budget process
Accumulated Surplus	Higher than anticipated revenue and cost saving measures resulted in higher net surplus for the current year.
Reserves	Higher than anticipated Cash levels contribution to a higher level of Reserves that can be maintained which mainly contributed to the deviation reflected.

### Statement of financial performance - Budget Adjustments

Transfers Recognised - Operational	Adjustment mainly due to additional grant funding allocations from Departement Local Government and Human Settlements as well as Provincial Treasury and approval of previous year rollover application.
Other Income	Budget adjustments to account for revised revenue projections based on mid-year actuals and prior year results.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

48

### BUDGET COMPARISONS (CONTINUED)

Other Materials and Expenditure	Adjustment mainly due to additional grant funding allocations from Departement Local Government and Human Settlements as well as
Contributed Assets	Account for numerous public contributions received as well as additional government grant allocations received in-kind i.r.o the current year and / or rolled over from the previous year.

### Statement of financial performance - Budget versus Actual

Fines	Increase in traffic fines mainly as a result of increased activity on the operations of law enforcement.
Rental Of Facilities and Equipment	Difference due to Camping fees being budgeted for as part of Other Revenue in terms of NT Classification (R 7 million)
Transfers Recognised - Operational	Deviation as a result of the housing allocation to be budgeted according to the DoRA requirements but differently treated i.t.o GRAP disclosures as an agency function.
Other Income	Due to the sundry nature of this line item, the actual results of the prior year is used as basis for current year budget. Also refer to Rental of Facilities and Equipment.
Gains on Disposal of Properties	Under budget i.t.o the anticipated revenue projection for the financial year under review.
Employee Related Costs	Deviation mainly the result of the adjustment of expenditure in line with nature (GRAP 1)
Debt Impairment	applied during the financial year as a result of the conversion onto the new financial system as well as the implementation MSCOA which created huge challenges to overcome as a municipality. Debt
Other Materials and Expenditure	budget cost estimates and the housing allocation to be budgeted according to the DoRA requirements but differently treated i.t.o GRAP disclosures as an agency function.
Contracted Services	Deviation due to the change in the disclosure of repairs & maintenance according to the nature of expenditure which was not anticipated in terms of the projected expenditure forecasts.

### Cash Flow Statement - Budget Adjustments

Other Revenue	Account for anticipated increase in revenue to be generated based on projected trends.
Government - Operating	Increase according to additional grant allocation in terms of the DoRA promulgation.
Suppliers and Employees	Adjustment mainly due to anticipated cost saving measures and unrealistic budget estimates.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 48 BUDGET COMPARISONS (CONTINUED)

#### Cash Flow Statement - Budget versus Actual

Service Charges	Recovery rate slightly higher than % factored into budget
Other Revenue	Other revenue materialised higher than anticipated in budget
Government - Operating	Deviation mainly due to change in accounting practice relating to the housing grant.
Suppliers and Employees	Cost saving measures resulting in lower than expected expenditure trends
Proceeds on Disposal of Assets	Proceeds on disposal of assets were higher than anticipated and budgeted for.
Capital Assets	Although the capital budget been exceeded due to the fact that contributed asset could not be fully costed and anticipated before the year end, other capital projects were underspent mainly as a result of savings.
New Loans Raised	External borrowing was taken up over the full medium term budget period which was not anticipated during the mid-year budget assessment only focus on the financial year under review.

2018  
R

2017  
R

### 49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

#### 49.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

Opening balance	1 993 509	-
Unauthorised expenditure current year - operating	2 873 761	1 993 509
Unauthorised expenditure current year - capital	-	-
Approved by Council	(1 993 509)	-
<b>Unauthorised expenditure awaiting approval</b>	<b>2 873 761</b>	<b>1 993 509</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2018 (Actual) R	2018 (Final Budget) R	2018 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>			
Engineering Services	152 735 041	156 854 786	-
Executive and Council	40 724 551	41 587 020	-
Financial Services & ICT	51 405 266	48 531 505	2 873 761
Management Services	45 883 641	67 658 889	-
<b>Total</b>	<b>290 748 498</b>	<b>314 632 200</b>	<b>2 873 761</b>
<b>Unauthorised expenditure - Capital</b>			
Engineering Services	26 479 591	27 581 192	-
Executive and Council	225 886	227 210	-
Financial Services & ICT	2 900 319	2 931 191	-
Management Services	2 426 933	2 779 850	-
<b>Total</b>	<b>32 032 730</b>	<b>33 519 443</b>	<b>-</b>
		<b>2018 R</b>	<b>2017 R</b>

### 49.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	441 754	208 230
Fruitless and wasteful expenditure incurred	107 870	441 754
Approved by Council	(441 754)	(208 230)
<b>Fruitless and wasteful expenditure awaiting approval</b>	<b>107 870</b>	<b>441 754</b>

Details of Fruitless and wasteful expenditure incurred :

Interest on late payment ESKOM	4 670	-
Training not completed Councillors / Officials	102 200	-
Incorrect EPWP salary payment	1 000	-
Land Survey contract not completed and cancelled	-	430 920
Unlock Office doors	-	890
Missed flight and arrange for shuttle services	-	600
Accommodation cancelled with no refund	-	1 200
Telephone Directory publication cancelled	-	8 144
<b>Total</b>	<b>107 870</b>	<b>441 754</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

49

**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)**

The fruitless and wasteful expenditure has been referred to the internal audit for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred which be subject the outcome of the investigation report.

**49.3 IRREGULAR EXPENDITURE**

Irregular expenditure consist out of the following:

Opening balance	272 339	237 855
Irregular expenditure incurred	250 708	272 339
Approved by Council	(272 339)	(237 855)
<b>Irregular expenditure awaiting approval</b>	<b>250 708</b>	<b>272 339</b>
Details of Irregular expenditure incurred :		
Contravention of SCM Regulation 36 (1) - Deviation approved for additional work by supplier that significantly differs from scope included in original award	48 375	-
Identified irregular expenditure in terms of the SCM policy - Split of Projects	-	72 269
Contravention of SCM Regulation 29 (4)	202 333	200 070
<b>Total</b>	<b>250 708</b>	<b>272 339</b>

The irregular expenditure has been referred to internal audit and MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred which be subject the outcome of the investigation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2018	2017
<b>49.4 MATERIAL LOSSES</b>		
<b>Electricity distribution losses</b>		
- Units purchased (Kwh)	77 015 632	74 511 070
- Units lost during distribution (Kwh)	5 336 516	4 840 087
- Percentage lost during distribution	6.93%	6.50%
- Rand Value of Loss	3 682 196	3 339 660
<b>Water distribution losses</b>		
- Kilo litres purified	2 741 319	2 586 927
- Kilo litres lost during distribution	379 571	452 288
- Percentage lost during distribution	13.85%	17.48%
- Rand Value of Loss	766 733	922 668

The improvement in water losses can mainly be attributed to less pipe leaks experienced in the current year as well as the upgrading/repair of old infrastructure (such as bulk meters)

	2018 R	2017 R
<b>50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		

#### 50.1 Salga Contributions [MFMA 125 (1)(b)]

Opening balance	(1 053 911)	(911 278)
Expenditure incurred	1 053 911	995 778
Payments	(1 179 159)	(1 138 411)
<b>Payments in advance</b>	<b>(1 179 159)</b>	<b>(1 053 911)</b>

#### 50.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	3 134 944	2 952 071
External Audit - Auditor-General	3 105 768	2 864 867
Audit Committee	29 176	87 205
Payments	(3 134 944)	(2 952 071)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

	2018 R	2017 R
<b>50.3 VAT [MFMA 125 (1)(c)]</b>		
Opening balance	(172 130)	674 370
Amounts received during the year	(2 733 645)	(741 012)
Amounts paid during the year	6 631 143	4 424 882
Amounts claimed - current year	2 307 455	653 198
Amounts payable - current year	(6 012 255)	(5 183 568)
<b>Outstanding Balance</b>	<b>20 568</b>	<b>(172 130)</b>
<b>Vat in suspense due to cash basis of accounting</b>	<b>(699 660)</b>	<b>130 397</b>
VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.		
<b>50.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]</b>		
Payments due to SARS	16 907 630	14 952 798
Payments	(16 907 630)	(14 952 798)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>
<b>50.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]</b>		
Payments due to pension fund and medical aid	27 607 442	26 214 163
Payments	(27 607 442)	(26 214 163)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>
<b>50.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]</b>		
The following Councillor were in arrears:		
None	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

#### 50.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management Regulations were identified on the following categories:

##### Emergency (SCM 36 (1) (a) (i)):

Less than R 30 000	36 856	46 969
Between R 30 000 and R 200 000	331 129	142 565
<b>Total</b>	<b>367 985</b>	<b>189 534</b>

##### Sole Provider (SCM 36 (1) (a) (ii)):

Less than R 30 000	375 397	179 625
Between R 30 000 and R 200 000	513 152	257 062
More than R 200 000	1 195 263	226 005
<b>Total</b>	<b>2 083 811</b>	<b>662 692</b>

##### Impractical or Impossible (SCM 36 (1) (a) (v)):

Less than R 30 000	352 925	391 492
Between R 30 000 and R 200 000	701 075	1 026 380
More than R 200 000	-	1 666 776
<b>Total</b>	<b>1 054 000</b>	<b>3 084 648</b>

##### Total Deviations

Less than R 30 000	765 178	618 086
Between R 30 000 and R 200 000	1 545 356	1 426 007
More than R 200 000	1 195 263	1 892 781
<b>Total</b>	<b>3 505 797</b>	<b>3 936 874</b>

#### 50.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

#### 50.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality engaged with the following employees in service of the state (SCM 44)

None



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45)

<u>Name (State institution)</u>	<u>Supplier name</u>	2018 R	2017 R
TL Du Toit (Department of Health)	Cape Agulhas Civils	5 089 407	5 468 551
N Eksteen (Shareholder in Premium Computers & Stationers and in service of Denel)	Canfred Computers T/A Premium Computers & Stationers	55 012	373 658
V Zeeman (Spouse of owner is employed by Overberg District Municipality)	DC Zeeman t/a Alluminium Design	350 615	94 800
Spouse of Director is employed by Western Cape Education Department	Ikapa Reticulation & Flow	228 901	421 633
AJ van der Walt (Spouse) of owner IS in service of Denel OTR	Bren Jac-Lin CC T/A Undercover	320	-
Spouse of Director employed by the City of Cape Town	NCC Environmental Services	-	34 200
Spouse of a employee at SAPS (Parow Branch)	JC Refridgeration Cape CC	117 710	-
<b>Total</b>		<b>5 841 965</b>	<b>6 392 843</b>

### 51 CAPITAL COMMITMENTS

<b>Commitments in respect of Capital Expenditure:</b>	<b>2 799 246</b>	<b>1 472 947</b>
Approved and contracted for:		
VESTA i.r.o Asset register (Additional cost not part of the National Traesury - RT25 Tender)	344 650	1 150 000
Upgrading of Tidal Pools - L'Agulhas	561 354	-
Establishment of Server Room - Napier Offices	129 894	-
Paving of Side walks - L'Agulhas	1 370 829	-
2000W Metal Halide Floodlights	349 319	-
Supply and erection of fencing at boreholes - Bredasdorp	-	122 947
Time and Attendance System	43 200	200 000
<b>Total</b>	<b>2 799 246</b>	<b>1 472 947</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 51 CAPITAL COMMITMENTS (CONTINUED)

This expenditure will be financed from:

Internal Funding - CRR	2 449 927	1 472 947
Government Grants	349 319	-
<b>Total</b>	<b>2 799 246</b>	<b>1 472 947</b>

### 52 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

#### 52.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

	2018 R	2017 R
Cash and Cash Equivalents	47 751 461	24 345 119
Receivables from exchange transactions	26 056 267	22 145 598
Current Portion of Long-term Receivables	7 248	31 117
Long-Term Receivables	211 619	196 035
<b>Total</b>	<b>74 026 595</b>	<b>46 717 869</b>

#### Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held, no cash were pledged as security and no collateral is held for any cash and cash equivalents, other than the following:

- Guarantees in favour of the following third parties - Post Office - R 50 000 (2017 - R 50 000)

#### Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 52 FINANCIAL RISK MANAGEMENT (CONTINUED)

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

	2018 R	2017 R
Electricity	2 174 131	1 274 419
Water	1 137 081	628 710
Refuse	937 802	400 459
Sewerage	653 450	293 818
Other Services	1 357 595	997 021
<b>Total</b>	<b>6 260 060</b>	<b>3 594 428</b>

#### Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

#### 52.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

The financial instruments of the municipality is not directly exposed to any currency risk.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 52 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 52.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

	2018 R	2017 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	47 751 461	24 345 119
Long-term Liabilities (Including Current Portion)	(19 258 961)	(2 696 243)
Non-Current Provisions (Including Current Portion)	(69 781 716)	(66 297 464)
<b>Net balance exposed</b>	<b>(41 289 217)</b>	<b>(44 648 588)</b>

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2017 - 0.5%) increase in interest rates	(206 446)	(223 243)
1% (2017 - 1%) decrease in interest rates	412 892	446 486

South Africa have reached the turning point in the rates cycle and any further upward adjustments are remote.

#### 52.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 52 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2018	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	5 355 811	14 645 747	6 640 236
Finance Lease Liabilities	-	-	-
Rehabilitation Provision	-	5 720 991	782 756 718
Payables from exchange transactions	22 412 064	-	-
Unspent Conditional Government Grants	400 460	-	-
Unspent Public Contributions	66 519	-	-
<b>Total</b>	<b>28 234 855</b>	<b>20 366 737</b>	<b>789 396 953</b>

30 JUNE 2017	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	580 658	1 942 362	801 557
Finance Lease Liabilities	361 515	-	-
Rehabilitation Provision	-	4 651 431	980 686 668
Payables from exchange transactions	30 523 624	-	-
Unspent Conditional Government Grants	1 370 000	-	-
Unspent Public Contributions	37 262	-	-
<b>Total</b>	<b>32 873 058</b>	<b>6 593 793</b>	<b>981 488 225</b>

Although the rehabilitation provision, the unspent conditional government grant and unspent public contribution is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

#### 52.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 52 FINANCIAL RISK MANAGEMENT (CONTINUED)

The municipality is not exposed to any other price risk.

### 53 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

#### Financial Assets

	2018 R	2017 R
Cash and Cash Equivalents	47 768 311	24 361 469
Receivables from exchange transactions	26 056 267	22 145 598
Current Portion of Long-term Receivables	7 248	31 117
Long-Term Receivables	211 619	196 035
<b>Total</b>	<b>74 043 445</b>	<b>46 734 219</b>

#### Financial Liabilities

Current Portion of Long-term Liabilities	3 506 160	684 389
Payables from exchange transactions	22 412 064	30 523 624
Unspent Conditional Government Grants	400 460	1 370 000
Unspent Public Contributions	66 519	37 262
Long-term Liabilities	15 752 801	2 011 854
<b>Total</b>	<b>42 138 005</b>	<b>34 627 129</b>

### 54 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

#### **Receivables from Non-Exchange Transactions**

Rates	10 168 421	7 972 196
Unpaid Grants	-	420 934
Department of Housing	-	8 572 180
Fines	14 683 500	8 091 200
<b>Total</b>	<b>24 851 921</b>	<b>25 056 509</b>

Refer to note 4 for more detail relating to the fines and rates receivables, including any provision for impairment raised against the gross amounts disclosed above.

Rates Receivable past due not impaired	1 042 611	1 524 795
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 55 EVENTS AFTER REPORTING DATE

None

### 56 IN-KIND DONATIONS AND ASSISTANCE

The Department of Corporate Governance and Human Settlements during the financial under review made an in-kind contribution for the provision of basic services in area H for GAP Housing to the amount of R6 804 347.

The Cape Agulhas Municipality received a private in-kind contribution for a medium voltage cable network to the amount of R 871 877 for the Suiderstrand Area (Stand 4715)

Refer to notes 24 and 25 for more detail regarding to public contributions and and other assistance/donated assets received.

### 57 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

### 58 CONTINGENT LIABILITIES

The municipality were exposed to the following contingent liabilities at year end:

#### 58.1

The municipality does not have a permit or license for Waenhuiskrans landfill site currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act. The municipality is in discussion with the Department of Environmental Affairs to address the outstanding issue and according to feedback they in proces review the requirement due to the low volumes involved

#### 58.2 Guarantees in favour of the following third parties - Post Office - R 50 000 (2017 - R 50 000)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 59 RELATED PARTIES

Related parties are defined in note 1.35

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 32 and 33

The Cape Agulhas Municipality as the holding entity had a 100% shareholding in the Southernmost Development Agency (SOC) LTD. As the parent entity of the Agency, the municipality resolved during the 2012/13 financial year to de-register the company. Although the de-registration process is as yet not been finalised on 30 June 2018, the company does not have any assets or liabilities on the reporting dates under review (30 June 2016; 30 June 2017 and 30 June 2018). The process to de-register the company is considered to be an administrative matter to be finalised and no further financial activities have been conducted in the company on or beyond 30 June 2015. Due to the de-registration no consolidated financial statements are prepared for the financial year under review.

The following purchases were made during the year where Councillors, Management or Employees have an interest:

		2018 R	2017 R
<u>Entity</u>	<u>Employee</u>		
Adonai Funeral Home (Brother of D Fredericks)	D Fredericks	25 025	12 500
Diedericks Construction (Brother of D Fredericks)	J Diedericks	-	8 900
F Pieterse (Spouse of F Pieterse)	F Pieterse	-	4 900
AC Rudolph (Parent of A Rudolph)	A Rudolph	-	950
Cape Agulhas Communications (Parent of H Spandiel)	H Spandiel	-	31 948
EE Spandiel (Catering & Refreshments)	H Spandiel	15 983	-
M Waxa T/A Tamtura Waxa Taxi Services (Brother and Sister of X Waxa, T Waxa and B Waxa)	X Waxa, T Waxa and B Waxa	3 200	7 700
J Van Zyl (Parent of W van Zyl)	W Van Zyl	-	34 410
<b>Total</b>		<b>44 208</b>	<b>101 308</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018



AUDITOR GENERAL  
SOUTH AFRICA  
Auditing to build public confidence

MK: 30 Nov 2018

## 60 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>Financial Performance</b>						
Property rates	60 143 050	-	60 143 050	60 731 610	588 560	54 801 761
Service charges	152 857 204	-	152 857 204	150 349 902	(2 507 302)	141 569 420
Investment revenue	2 060 000	-	2 060 000	2 821 294	761 294	2 130 979
Transfers recognised - operational	55 833 501	4 615 307	60 448 808	37 463 553	(22 985 255)	33 935 113
Other own revenue	23 571 035	6 044 689	29 615 724	41 472 727	11 857 003	26 962 726
<b>Total Operating Revenue</b>	<b>294 464 790</b>	<b>10 659 996</b>	<b>305 124 786</b>	<b>292 839 086</b>	<b>(12 285 700)</b>	<b>259 399 999</b>
Employee costs	117 178 789	(557 610)	116 621 179	115 542 164	(1 079 015)	107 549 228
Remuneration of councillors	5 144 703	-	5 144 703	5 059 866	(84 837)	4 743 451
Debt impairment	7 833 480	-	7 833 480	18 160 974	10 327 494	10 965 865
Depreciation & asset impairment	11 439 899	(1 207 550)	10 232 349	12 211 471	1 979 122	11 019 554
Finance charges	8 964 009	719 421	9 683 430	9 432 690	(250 740)	9 307 095
Materials and bulk purchases	76 678 030	120 000	76 798 030	75 357 709	(1 440 321)	73 081 748
Transfers and grants	2 763 400	45 000	2 808 400	1 398 206	(1 410 194)	2 102 616
Other expenditure	78 919 368	6 591 261	85 510 629	53 585 418	(31 925 211)	49 304 551
<b>Total Expenditure</b>	<b>308 921 678</b>	<b>5 710 522</b>	<b>314 632 200</b>	<b>290 748 498</b>	<b>(23 883 702)</b>	<b>268 074 108</b>
<b>Surplus/(Deficit)</b>	<b>(14 456 888)</b>	<b>4 949 474</b>	<b>(9 507 414)</b>	<b>2 090 587</b>	<b>11 598 001</b>	<b>(8 674 109)</b>
Transfers recognised - capital	12 269 499	-	12 269 499	12 456 582	187 083	10 815 689
Contributions Recognised - capital	-	-	-	-	-	169 206
Contributed Assets	-	582 410	582 410	7 702 924	7 120 514	720 066
<b>Surplus/(Deficit) for the year</b>	<b>(2 187 389)</b>	<b>5 531 884</b>	<b>3 344 495</b>	<b>22 250 093</b>	<b>18 905 598</b>	<b>3 030 852</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018



AUDITOR GENERAL  
SOUTH AFRICA  
Accounting to build public confidence

MK: 30 Nov 2018

## 60 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

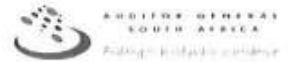
	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>27 664 699</b>	<b>5 854 744</b>	<b>33 519 443</b>	<b>32 032 730</b>	<b>(1 486 713)</b>	<b>24 940 721</b>
Transfers recognised - capital	12 969 499	(31 251)	12 938 248	12 456 582	(481 666)	10 815 689
Public contributions & donations	-	6 717 103	6 717 103	7 702 924	985 821	884 575
Borrowing	5 660 750	(188 000)	5 472 750	4 483 620	(989 130)	2 620 035
Internally generated funds	9 034 450	(643 108)	8 391 342	7 389 605	(1 001 737)	10 620 422
<b>Total sources of capital funds</b>	<b>27 664 699</b>	<b>5 854 744</b>	<b>33 519 443</b>	<b>32 032 730</b>	<b>(1 486 713)</b>	<b>24 940 721</b>
<b>Cash flows</b>						
Net cash from (used) operating	13 909 462	(2 119 202)	11 790 260	25 699 644	13 909 384	34 496 803
Net cash from (used) investing	(27 137 491)	1 408 588	(25 728 903)	(19 072 221)	6 656 682	(24 124 824)
Net cash from (used) financing	3 608 845	487 551	4 096 396	16 779 419	12 683 023	(394 307)
<b>Net Cash Movement for the year</b>	<b>(9 619 184)</b>	<b>(223 063)</b>	<b>(9 842 247)</b>	<b>23 406 843</b>	<b>33 249 089</b>	<b>9 977 671</b>
Cash/cash equivalents at beginning of year	16 034 598	8 326 871	24 361 469	24 361 469	-	14 383 798
<b>Cash/cash equivalents at the year end</b>	<b>6 415 414</b>	<b>8 103 807</b>	<b>14 519 221</b>	<b>47 768 312</b>	<b>33 249 089</b>	<b>24 361 468</b>

Refer to Appendix F for more detail relating to the National Treasury Appropriation Statements

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018



MK: 30 Nov 2018

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2017 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2018 R
<b>ANNUITY LOANS</b>							
ABSA	3044713107	10.60%	2026/06/30	1 133 521	-	(79 637)	1 053 884
ABSA	88397067	10.60%	2021/06/30	613 573	-	(130 826)	482 747
ABSA	88399019	10.60%	2021/06/30	269 217	-	(57 403)	211 814
ABSA	88396435	10.60%	2021/06/30	152 676	-	(32 554)	120 122
ABSA	88583065	10.60%	2021/06/30	182 118	-	(38 831)	143 287
ABSA	3046537820	9.84%	2027/06/30	-	2 400 000	(152 893)	2 247 107
NEDBANK	Vehicle Fleet	9.20%	2021/06/30	-	5 000 000	-	5 000 000
NEDBANK	INFRA 1	9.64%	2023/06/30	-	3 000 000	-	3 000 000
NEDBANK	INFRA 2	10.35%	2028/06/30	-	7 000 000	-	7 000 000
<b>Total Annuity Loans</b>				<b>2 351 106</b>	<b>17 400 000</b>	<b>(492 144)</b>	<b>19 258 961</b>
<b>FINANCE LEASE LIABILITIES</b>							
Nashua MP201SPFGY	W3049601665	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049601380	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049601292	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049601290	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604821	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604824	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604805	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604820	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604818	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP301SPF	W914PC06432	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407168	9.37%	2018/05/31	4 767	-	(4 767)	-

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018



AUDITOR GENERAL  
SOUTH AFRICA  
Auditing, Building, Inspiring

MK: 30 Nov 2018

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2017 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2018 R
<b>FINANCE LEASE LIABILITIES (CONTINUED)</b>							
Nashua MP301SPF	W914P407172	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407173	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407177	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407185	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407189	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407191	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407208	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407225	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407313	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407315	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MPC305SPF	W794P503261	9.37%	2018/05/31	6 278	-	(6 278)	-
Nashua MPC305SPF	W794P503262	9.37%	2018/05/31	6 278	-	(6 278)	-
Nashua MPC4503	E174MC30441	9.37%	2018/05/31	24 072	-	(24 072)	-
Nashua MPC4503	E174MC30439	9.37%	2018/05/31	24 072	-	(24 072)	-
Nashua HP T2500	CN52EBH02X	9.37%	2018/05/31	72 587	-	(72 587)	-
Nashua MP9002	W884JC00043	9.37%	2018/05/31	36 998	-	(36 998)	-
Nashua MP9002	W885J100084	9.37%	2018/05/31	36 998	-	(36 998)	-
Nashua MPC305SPF	W795P203788	9.37%	2018/05/31	6 434	-	(6 434)	-
Nashua MP2501SP	E335M220259	9.37%	2018/05/31	12 593	-	(12 593)	-
Nashua MP6002SP	W865J100087	9.37%	2018/05/31	30 794	-	(30 794)	-
<b>Total Finance Lease Liabilities</b>				<b>345 138</b>	<b>-</b>	<b>(345 138)</b>	<b>-</b>
<b>Total Long-Term Liabilities</b>				<b>2 696 243</b>	<b>17 400 000</b>	<b>(837 282)</b>	<b>19 258 961</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2018



MK: 30 Nov 2018

30 June 2018	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Land and Buildings	84 654 496	117 912	-	84 772 409	10 647 109	285 540	-	10 932 648	73 839 760
Land	55 699 058	-	-	55 699 058	-	-	-	-	55 699 058
Buildings	28 955 439	117 912	-	29 073 351	10 647 109	285 540	-	10 932 648	18 140 703
Infrastructure	263 507 194	23 449 950	(79 191)	286 877 952	59 781 215	7 350 625	(38 758)	67 093 082	219 784 870
Roads and Storm water	95 433 205	14 361 015	-	109 794 220	15 812 199	2 800 491	-	18 612 689	91 181 531
Electricity Network	58 639 989	3 152 893	(68 916)	61 723 966	13 534 677	1 523 758	(31 989)	15 026 447	46 697 519
Sewerage Network	56 372 947	3 226 167	-	59 599 114	11 232 802	1 722 374	-	12 955 176	46 643 938
Water Network	50 961 394	2 709 875	(10 275)	53 660 994	17 712 420	1 226 610	(6 769)	18 932 261	34 728 733
Refuse Removal	2 099 659	-	-	2 099 659	1 489 118	77 392	-	1 566 510	533 149
Community Assets	26 734 126	1 919 223	-	28 653 349	2 812 725	389 181	-	3 201 907	25 451 442
Cemeteries	219 207	101 523	-	320 729	3 324	891	-	4 215	316 515
Clinics	201 995	-	-	201 995	31 932	1 920	-	33 852	168 142
Community Halls	13 100 528	91 081	-	13 191 609	472 664	147 062	-	619 726	12 571 884
Libraries	4 615 999	191 444	-	4 807 443	1 534 162	61 381	-	1 595 543	3 211 900
Parks & Gardens	2 827 848	1 131 377	-	3 959 226	219 584	66 251	-	285 835	3 673 391
Recreation Grounds	1 766 423	-	-	1 766 423	292 470	24 678	-	317 148	1 449 274
Sports facilities	3 861 727	403 798	-	4 265 525	258 589	86 998	-	345 588	3 919 937
Markets	140 400	-	-	140 400	-	-	-	-	140 400
Lease Assets	1 192 011	-	(14 200)	1 177 811	448 933	193 654	(7 374)	635 213	542 599
Leased Assets - Office Machines	1 192 011	-	(14 200)	1 177 811	448 933	193 654	(7 374)	635 213	542 599

B

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2018



MK: 30 Nov 2018

30 JUNE 2018 (CONTINUED)	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Other Assets</b>	<b>35 031 649</b>	<b>4 586 165</b>	<b>(1 044 481)</b>	<b>38 573 333</b>	<b>14 179 249</b>	<b>2 367 717</b>	<b>(552 679)</b>	<b>15 994 287</b>	<b>22 579 047</b>
Computer Hardware	4 857 913	778 516	(149 331)	5 487 098	1 825 977	482 390	(93 228)	2 215 139	3 271 958
Furniture and Office Equipment	6 813 814	867 414	(122 788)	7 558 439	2 305 857	505 811	(82 052)	2 729 616	4 828 823
Vehicles	13 046 372	522 230	(143 783)	13 424 820	6 009 927	780 964	(106 268)	6 684 623	6 740 197
Special Vehicles	3 541 902	1 921 710	(407 189)	5 056 422	899 292	143 084	(105 684)	936 692	4 119 730
Tools and Equipment	4 325 782	496 296	(152 912)	4 669 165	1 832 442	331 207	(121 344)	2 042 306	2 626 860
Other	2 445 866	-	(68 477)	2 377 389	1 305 753	124 261	(44 104)	1 385 910	991 478
<b>Total</b>	<b>411 119 477</b>	<b>30 073 250</b>	<b>(1 137 872)</b>	<b>440 054 855</b>	<b>87 869 232</b>	<b>10 586 716</b>	<b>(598 811)</b>	<b>97 857 136</b>	<b>342 197 719</b>

The following work in progress balances are included in PPE

Roads and Storm water	7 513 300
Electricity Network	4 480 098
Sewerage Network	-
Water Network	19 500
Community Assets	399 898
<b>Total Work in Progress (WIP)</b>	<b>12 412 796</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2018



MK: 30 Nov 2018

30 JUNE 2017	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Land and Buildings	84 035 635	723 861	(105 000)	84 654 496	10 399 983	270 011	(22 886)	10 647 109	74 007 387
Land	55 723 058	-	(24 000)	55 699 058	-	-	-	-	55 699 058
Buildings	28 312 578	723 861	(81 000)	28 955 439	10 399 983	270 011	(22 886)	10 647 109	18 308 330
Infrastructure	248 460 104	15 567 444	(520 354)	263 507 194	53 311 890	6 662 120	(192 795)	59 781 215	203 725 979
Roads and Storm water	88 165 703	7 408 302	(140 800)	95 433 205	13 533 831	2 278 368	-	15 812 199	79 621 006
Electricity Network	54 742 789	4 276 753	(379 554)	58 639 989	12 260 205	1 467 268	(192 795)	13 534 677	45 105 311
Sewerage Network	54 787 011	1 585 936	-	56 372 947	9 545 456	1 687 346	-	11 232 802	45 140 146
Water Network	48 664 942	2 296 453	-	50 961 394	16 560 673	1 151 746	-	17 712 420	33 248 975
Refuse Removal	2 099 659	-	-	2 099 659	1 411 726	77 392	-	1 489 118	610 541
Community Assets	23 909 346	2 824 780	-	26 734 126	2 497 500	315 226	-	2 812 725	23 921 401
Cemeteries	219 207	-	-	219 207	2 544	780	-	3 324	215 883
Clinics	201 995	-	-	201 995	30 012	1 920	-	31 932	170 062
Community Halls	11 638 828	1 461 700	-	13 100 528	356 108	116 556	-	472 664	12 627 864
Libraries	4 301 035	314 964	-	4 615 999	1 494 656	39 506	-	1 534 162	3 081 836
Parks & Gardens	1 920 132	907 716	-	2 827 848	173 275	46 309	-	219 584	2 608 264
Recreation Grounds	1 766 423	-	-	1 766 423	267 792	24 678	-	292 470	1 473 952
Sports facilities	3 861 727	-	-	3 861 727	173 112	85 477	-	258 589	3 603 138
Markets	-	140 400	-	140 400	-	-	-	-	140 400
Lease Assets	1 192 011	-	-	1 192 011	255 273	193 660	-	448 933	743 078
Leased Assets - Office Machines	1 192 011	-	-	1 192 011	255 273	193 660	-	448 933	743 078

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2018



MK: 30 Nov 2018

30 JUNE 2017 (CONTINUED)	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Other Assets</b>	<b>32 849 854</b>	<b>2 774 907</b>	<b>(593 112)</b>	<b>35 031 649</b>	<b>12 371 459</b>	<b>2 121 783</b>	<b>(313 993)</b>	<b>14 179 249</b>	<b>20 852 400</b>
Computer Hardware	3 870 528	1 084 450	(97 065)	4 857 913	1 485 830	391 536	(51 389)	1 825 977	3 031 936
Furniture and Office Equipment	5 965 405	1 083 149	(234 740)	6 813 814	1 966 187	459 359	(119 689)	2 305 857	4 507 956
Vehicles	12 891 150	178 223	(23 000)	13 046 372	5 266 509	754 418	(11 000)	6 009 927	7 036 445
Special Vehicles	3 321 867	220 035	-	3 541 902	830 854	68 437	-	899 292	2 642 610
Tools and Equipment	4 306 698	202 756	(183 672)	4 325 782	1 608 871	321 953	(98 381)	1 832 442	2 493 340
Other	2 494 207	6 295	(54 636)	2 445 866	1 213 208	126 079	(33 534)	1 305 753	1 140 113
<b>Total</b>	<b>390 446 950</b>	<b>21 890 992</b>	<b>(1 218 466)</b>	<b>411 119 477</b>	<b>78 836 106</b>	<b>9 562 799</b>	<b>(529 674)</b>	<b>87 869 232</b>	<b>323 250 246</b>

The following work in progress balances are included in PPE.

Roads and Storm water	3 657 511
Electricity Network	3 202 627
Sewerage Network	1 579 165
Water Network	20 879
Community Assets	140 400
<b>Total Work in Progress (WIP)</b>	<b>8 600 581</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)



MK: 30 Nov 2018

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2018

VOTE	30 JUNE 2018			30 JUNE 2017		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Engineering Services	168 187 891	(152 735 041)	15 452 850	-	-	-
Executive and Council	31 149 968	(40 724 551)	(9 574 583)	14 205 290	(16 710 911)	(2 505 621)
Financial Services & ICT	78 029 864	(51 405 266)	26 624 598	-	-	-
Management Services	35 630 868	(45 883 641)	(10 252 773)	-	-	-
Budget and Treasury Office	-	-	-	66 813 749	(40 470 260)	26 343 489
Corporate Services	-	-	-	3 338 746	(25 731 055)	(22 392 309)
Community and Social Services	-	-	-	22 396 710	(39 806 666)	(17 409 955)
Electricity	-	-	-	99 572 725	(83 915 244)	15 657 481
Infrastructure	-	-	-	64 777 739	(61 439 972)	3 337 767
<b>Total</b>	<b>312 998 591</b>	<b>(290 748 498)</b>	<b>22 250 093</b>	<b>271 104 960</b>	<b>(268 074 108)</b>	<b>3 030 852</b>

BD

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX D (UNAUDITED)



MK: 30 Nov 2018

### ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (VOTES) FOR THE YEAR ENDING 30 JUNE 2018

	ACTUAL R	BUDGET R	VARIANCE R	EXPLANATION FOR MATERIAL VARIANCES
<b>OPERATING EXPENDITURE</b>				
Engineering Services	152 735 041	156 854 786	(4 119 745)	Deviation mainly due to cost saving measures and unrealistic budget estimates
Executive and Council	40 724 551	41 587 020	(862 469)	Deviation mainly due to cost saving measures and unrealistic budget estimates
Financial Services & ICT	51 405 266	48 531 505	2 873 761	Deviation mainly as a result of provisions and impairments under budgeted
Management Services	45 883 641	67 658 889	(21 775 248)	Deviation as a result of the Housing allocation treated differently as an agency in terms GRAP principles.
<b>Total</b>	<b>290 748 498</b>	<b>314 632 200</b>	<b>(23 883 702)</b>	
<b>CAPITAL EXPENDITURE</b>				
Engineering Services	26 479 591	27 581 192	(1 101 601)	Deviation as a result of unrealistic budget estimates and anticipated projects not completed
Executive and Council	225 886	227 210	(1 324)	Immaterial
Financial Services & ICT	2 900 319	2 931 191	(30 872)	Immaterial
Management Services	2 426 933	2 779 850	(352 917)	Deviation mainly as a result of the sports academy project, funded from provincial grant, been delayed and not completed for rolled over into the new financial year.
<b>Total</b>	<b>32 032 730</b>	<b>33 519 443</b>	<b>(1 486 713)</b>	



# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (UNAUDITED)



MK: 30 Nov 2018

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	TRANSFER TO/ (FROM) RECEIVABLES	CLOSING BALANCE
	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	25 190 060	(25 190 060)	-	-	-
Financial Management Grant (FMG)	-	1 550 000	(118 251)	(1 431 749)	-	-
Municipal Infrastructure Grant (MIG)	-	11 118 000	(1 655 734)	(9 462 266)	-	-
Skills Development Fund and SETA Bursaries	-	3 100 382	(2 679 448)	-	(420 934)	-
National Electrification Programme (INEP)	-	1 000 000	(10 367)	(989 633)	-	-
Expanded Public Works Program (EPWP)	-	1 131 000	(1 131 000)	-	-	-
<b>Total</b>	-	<b>43 089 442</b>	<b>(30 784 860)</b>	<b>(11 883 649)</b>	<b>(420 934)</b>	-
<b>PROVINCIAL GOVERNMENT</b>						
Library Services	-	5 584 000	(5 355 867)	(228 133)	-	-
Proclaimed Road Subsidy	-	72 086	(72 086)	-	-	-
Community Development Workers	-	56 000	(56 000)	-	-	-
mSCOA Support Grant	-	330 000	(330 000)	-	-	-
Graduate Bursary Scheme	120 000	-	(109 280)	-	-	10 720
Municipal Productivity Study	300 000	-	(300 000)	-	-	-
Regional Waste Investigation	250 000	-	(215 460)	-	-	34 540
Capacity Building	-	240 000	(240 000)	-	-	-
Department of Cultural Affairs and Sport	700 000	-	-	(344 800)	-	355 200
<b>Total</b>	<b>1 370 000</b>	<b>6 282 086</b>	<b>(6 678 693)</b>	<b>(572 933)</b>	-	<b>400 460</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>1 370 000</b>	<b>49 371 528</b>	<b>(37 463 553)</b>	<b>(12 456 582)</b>	<b>(420 934)</b>	<b>400 460</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)



MK: 30 Nov 2018

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>REVENUE</b>						
Governance and administration	105 419 110	5 935 189	111 354 299	120 392 389	9 038 090	83 144 628
Executive and council	25 190 000	-	25 190 000	25 236 560	46 560	14 205 290
Budget and treasury office	-	-	-	-	-	66 813 749
Finance and administration	80 229 110	5 935 189	86 164 299	95 155 829	8 991 530	-
Internal audit	-	-	-	-	-	-
Corporate services	-	-	-	-	-	2 125 589
Community and public safety	34 570 575	2 865 307	37 435 882	20 441 608	(16 994 274)	22 396 710
Community and social services	7 022 675	(1 000 000)	6 022 675	5 975 072	(47 603)	6 328 157
Sport and recreation	7 097 900	-	7 097 900	7 662 188	564 288	6 397 209
Public safety	-	-	-	-	-	9 671 345
Housing	20 450 000	3 865 307	24 315 307	6 804 347	(17 510 960)	-
Economic and environmental services	12 730 700	409 500	13 140 200	17 085 073	3 944 873	11 973 909
Road transport	11 856 800	-	11 856 800	15 195 756	3 338 956	-
Planning and development	873 900	409 500	1 283 400	1 889 317	605 917	11 973 909
Trading services	154 013 904	2 032 410	156 046 314	155 079 522	(966 792)	153 589 713
Energy Sources	104 438 154	1 000 000	105 438 154	105 424 046	(14 108)	99 572 725
Water Management	24 344 470	782 410	25 126 880	23 353 941	(1 772 939)	25 361 846
Waste water management	9 507 935	-	9 507 935	10 627 708	1 119 773	11 671 749
Waste management	15 723 345	250 000	15 973 345	15 673 827	(299 518)	16 983 393
<b>Total Revenue - Standard</b>	<b>306 734 289</b>	<b>11 242 406</b>	<b>317 976 695</b>	<b>312 998 591</b>	<b>(4 978 104)</b>	<b>271 104 960</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)



MK: 30 Nov 2018

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>EXPENDITURE</b>						
Governance and administration	89 597 897	1 669 139	91 267 036	93 033 708	1 766 672	76 851 408
Executive and council	14 383 031	89 140	14 472 171	16 161 086	1 688 915	16 710 911
Budget and treasury office	-	-	-	-	-	40 470 260
Finance and administration	73 627 706	1 569 200	75 196 906	75 673 350	476 444	-
Internal audit	1 587 160	10 799	1 597 959	1 199 272	(398 687)	-
Corporate services	-	-	-	-	-	19 670 237
Community and public safety	45 318 302	3 028 517	48 346 819	22 015 332	(26 331 487)	39 266 639
Community and social services	12 217 424	(823 140)	11 394 284	9 837 473	(1 556 811)	13 672 653
Sport and recreation	10 956 270	(24 960)	10 931 310	10 377 237	(554 073)	9 956 097
Public safety	-	-	-	-	-	14 093 557
Housing	22 144 608	3 876 617	26 021 225	1 800 623	(24 220 602)	1 544 332
Economic and environmental services	39 708 450	(106 090)	39 602 360	43 718 192	4 115 832	24 682 505
Planning and development	8 908 250	28 990	8 937 240	8 640 738	(296 502)	9 046 679
Road transport	30 800 200	(135 080)	30 665 120	35 077 454	4 412 334	15 095 799
Environmental protection	-	-	-	-	-	540 026
Trading services	134 297 029	1 118 956	135 415 985	131 981 267	(3 434 718)	127 273 556
Energy Sources	88 084 910	605	88 085 515	86 790 376	(1 295 139)	83 915 244
Water Management	16 833 649	1 400 150	18 233 799	16 873 373	(1 360 426)	16 245 271
Waste water management	10 311 376	288 780	10 600 156	10 119 924	(480 232)	10 070 103
Waste management	19 067 094	(570 579)	18 496 515	18 197 594	(298 921)	17 042 936
<b>Total Expenditure - Standard</b>	<b>308 921 678</b>	<b>5 710 522</b>	<b>314 632 200</b>	<b>290 748 498</b>	<b>(23 883 702)</b>	<b>268 074 108</b>
<b>Surplus/(Deficit) for the year</b>	<b>(2 187 389)</b>	<b>5 531 884</b>	<b>3 344 495</b>	<b>22 250 093</b>	<b>18 905 598</b>	<b>3 030 852</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018



MK: 30 Nov 2018

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>REVENUE</b>						
Executive and Council	28 495 860	(700 000)	27 795 860	31 149 968	3 354 108	14 205 290
Engineering Services	166 301 404	2 441 910	168 743 314	168 187 891	(555 423)	-
Financial Services & ICT	66 722 850	5 635 189	72 358 039	78 029 864	5 671 825	-
Management Services	45 214 175	3 865 307	49 079 482	35 630 868	(13 448 614)	-
Budget and Treasury Office	-	-	-	-	-	66 813 749
Corporate Services	-	-	-	-	-	3 338 746
Community and Social Services	-	-	-	-	-	22 396 710
Electricity	-	-	-	-	-	99 572 725
Infrastructure	-	-	-	-	-	64 777 739
<b>Total Revenue by Vote</b>	<b>306 734 289</b>	<b>11 242 406</b>	<b>317 976 695</b>	<b>312 998 591</b>	<b>(4 978 104)</b>	<b>271 104 960</b>
<b>EXPENDITURE</b>						
Executive and Council	41 822 681	(235 661)	41 587 020	40 724 551	(862 469)	16 710 911
Engineering Services	156 097 310	757 476	156 854 786	152 735 041	(4 119 745)	-
Financial Services & ICT	47 136 155	1 395 350	48 531 505	51 405 266	2 873 761	-
Management Services	63 865 532	3 793 357	67 658 889	45 883 641	(21 775 248)	-
Budget and Treasury Office	-	-	-	-	-	40 470 260
Corporate Services	-	-	-	-	-	25 731 055
Community and Social Services	-	-	-	-	-	39 806 666
Electricity	-	-	-	-	-	83 915 244
Infrastructure	-	-	-	-	-	61 439 972
<b>Total Expenditure by Vote</b>	<b>308 921 678</b>	<b>5 710 522</b>	<b>314 632 200</b>	<b>290 748 498</b>	<b>(23 883 702)</b>	<b>268 074 108</b>
<b>Surplus/(Deficit) for the year</b>	<b>(2 187 389)</b>	<b>5 531 884</b>	<b>3 344 495</b>	<b>22 250 093</b>	<b>18 905 598</b>	<b>3 030 852</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)



MK: 30 Nov 2018

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>REVENUE BY SOURCE</b>						
Property rates	60 143 050	-	60 143 050	60 731 610	588 560	54 801 761
Service charges - electricity revenue	103 306 154	-	103 306 154	102 079 035	(1 227 119)	96 568 541
Service charges - water revenue	24 341 770	-	24 341 770	22 484 210	(1 857 560)	22 409 793
Service charges - sanitation revenue	9 485 935	-	9 485 935	10 346 159	860 224	9 223 088
Service charges - refuse revenue	15 723 345	-	15 723 345	15 440 499	(282 846)	13 367 998
Rental of facilities and equipment	2 055 660	-	2 055 660	9 351 079	7 295 419	1 596 283
Interest earned - external investments	2 060 000	-	2 060 000	2 821 294	761 294	2 130 979
Interest earned - outstanding debtors	1 496 000	-	1 496 000	1 319 382	(176 618)	1 563 532
Fines, penalties and forfeits	9 271 000	-	9 271 000	11 808 096	2 537 096	6 896 207
Licences and permits	60 500	-	60 500	1 319 383	1 258 883	59 435
Agency services	2 418 700	-	2 418 700	1 854 353	(564 347)	2 724 688
Transfers recognised - operational	55 833 501	4 615 307	60 448 808	37 463 553	(22 985 255)	33 935 113
Other revenue	7 769 175	4 844 689	12 613 864	11 236 089	(1 377 775)	14 110 581
Gains on Disposal of Properties	500 000	1 200 000	1 700 000	4 584 345	2 884 345	12 000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>294 464 790</b>	<b>10 659 996</b>	<b>305 124 786</b>	<b>292 839 086</b>	<b>(12 285 700)</b>	<b>259 399 999</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)



MK: 30 Nov 2018

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	117 178 789	(557 610)	116 621 179	115 542 164	(1 079 015)	107 549 228
Remuneration of councillors	5 144 703	-	5 144 703	5 059 866	(84 837)	4 743 451
Debt impairment	7 833 480	-	7 833 480	18 160 974	10 327 494	10 965 865
Depreciation & asset impairment	11 439 899	(1 207 550)	10 232 349	12 211 471	1 979 122	11 019 554
Finance charges	8 964 009	719 421	9 683 430	9 432 690	(250 740)	9 307 095
Bulk purchases	76 678 030	120 000	76 798 030	75 357 709	(1 440 321)	73 081 748
Contracted services	18 207 802	(116 440)	18 091 362	18 390 041	298 679	14 725 576
Transfers and grants	2 763 400	45 000	2 808 400	1 398 206	(1 410 194)	2 102 616
Other Expenditure and Materials	60 711 566	6 707 701	67 419 267	34 656 316	(32 762 951)	33 890 182
Loss on disposal of PPE	-	-	-	539 061	539 061	688 792
<b>Total Expenditure</b>	<b>308 921 678</b>	<b>5 710 522</b>	<b>314 632 200</b>	<b>290 748 498</b>	<b>(23 883 702)</b>	<b>268 074 108</b>
<b>Surplus/(Deficit)</b>	<b>(14 456 888)</b>	<b>4 949 474</b>	<b>(9 507 414)</b>	<b>2 090 587</b>	<b>11 598 001</b>	<b>(8 674 109)</b>
Transfers recognised - capital	12 269 499	-	12 269 499	12 456 582	187 083	10 815 689
Contributions Recognised - capital	-	-	-	-	-	169 206
Contributed Assets	-	582 410	582 410	7 702 924	7 120 514	720 066
<b>Surplus/(Deficit) for the year</b>	<b>(2 187 389)</b>	<b>5 531 884</b>	<b>3 344 495</b>	<b>22 250 093</b>	<b>18 905 598</b>	<b>3 030 852</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018



AUDITOR GENERAL  
SOUTH AFRICA  
*Accounting to build public confidence*

MK: 30 Nov 2018

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Management Services	650 000	-	650 000	644 225	(5 775)	-
Engineering Services	650 000	-	650 000	580 470	(69 530)	-
Budget and Treasury Office	-	-	-	-	-	2 083 960
Corporate Services	-	-	-	-	-	22 379
<b>Total Multi-year expenditure</b>	<b>1 300 000</b>	<b>-</b>	<b>1 300 000</b>	<b>1 224 695</b>	<b>(75 305)</b>	<b>2 106 339</b>
<b>Single-year expenditure</b>						
Executive and Council	854 950	(627 740)	227 210	225 886	(1 324)	850 517
Financial Services & ICT	2 504 500	426 691	2 931 191	2 900 319	(30 872)	-
Management Services	2 963 536	(833 686)	2 129 850	1 782 708	(347 142)	-
Engineering Services	20 041 713	6 889 479	26 931 192	25 899 121	(1 032 071)	-
Budget and Treasury Office	-	-	-	-	-	368 032
Corporate Services	-	-	-	-	-	2 267 096
Community and Social Services	-	-	-	-	-	2 306 106
Electricity	-	-	-	-	-	4 347 480
Infrastructure	-	-	-	-	-	12 695 151
<b>Total Single-year expenditure</b>	<b>26 364 699</b>	<b>5 854 744</b>	<b>32 219 443</b>	<b>30 808 034</b>	<b>(1 411 409)</b>	<b>22 834 382</b>
<b>Total Capital Expenditure by Vote</b>	<b>27 664 699</b>	<b>5 854 744</b>	<b>33 519 443</b>	<b>32 032 730</b>	<b>(1 486 713)</b>	<b>24 940 721</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018



AUDITOR GENERAL  
SOUTH AFRICA

MK: 30 Nov 2018

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
Governance and administration	2 961 750	297 551	3 259 301	3 254 545	(4 756)	5 591 984
Executive and council	254 250	(77 970)	176 280	182 296	6 016	850 517
Finance and administration	2 707 500	375 521	3 083 021	3 072 249	(10 772)	-
Budget and treasury office	-	-	-	-	-	2 451 992
Corporate services	-	-	-	-	-	2 289 475
Community and public safety	3 164 036	(705 856)	2 458 180	2 083 933	(374 247)	2 306 106
Community and social services	303 000	60 090	363 090	336 021	(27 069)	980 168
Sport and recreation	2 861 036	(765 946)	2 095 090	1 747 912	(347 178)	1 100 673
Public safety	-	-	-	-	-	225 265
Economic and environmental services	12 858 970	3 310 660	16 169 630	15 804 675	(364 955)	8 748 538
Planning and development	539 200	(514 480)	24 720	18 612	(6 108)	1 118 772
Road transport	12 319 770	3 825 140	16 144 910	15 786 063	(358 847)	7 629 766
Trading services	8 679 943	2 952 389	11 632 332	10 889 577	(742 755)	8 294 093
Energy sources	2 547 750	976 990	3 524 740	3 262 393	(262 347)	4 347 480
Water management	3 255 000	422 752	3 677 752	2 858 595	(819 157)	2 303 224
Waste water management	877 193	1 300 937	2 178 130	2 516 925	338 795	1 579 165
Waste management	2 000 000	251 710	2 251 710	2 251 664	(46)	64 225
<b>Total Capital Expenditure - Standard</b>	<b>27 664 699</b>	<b>5 854 744</b>	<b>33 519 443</b>	<b>32 032 730</b>	<b>(1 486 713)</b>	<b>24 940 721</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018



AUDITOR-GENERAL  
SOUTH AFRICA

Accountability. Integrity. Confidence.

MK: 30 Nov 2018

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CAPITAL EXPENDITURE (FUNDING SOURCES)</b>						
National Government	12 107 999	(118 251)	11 989 748	11 883 649	(106 099)	10 279 769
Provincial Government	861 500	87 000	948 500	572 933	(375 567)	535 920
<b>Transfers recognised - capital</b>	<b>12 969 499</b>	<b>(31 251)</b>	<b>12 938 248</b>	<b>12 456 582</b>	<b>(481 666)</b>	<b>10 815 689</b>
Public contributions & donations	-	6 717 103	6 717 103	7 702 924	985 821	884 575
Borrowing	5 660 750	(188 000)	5 472 750	4 483 620	(989 130)	2 620 035
Internally generated funds	9 034 450	(643 108)	8 391 342	7 389 605	(1 001 737)	10 620 422
<b>Total Capital Funding</b>	<b>27 664 699</b>	<b>5 854 744</b>	<b>33 519 443</b>	<b>32 032 730</b>	<b>(1 486 713)</b>	<b>24 940 721</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)



MK: 30 Nov 2018

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

#### CASH FLOWS

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	57 978 833	(333 267)	57 645 566	58 460 077	814 511	52 601 208
Service charges	147 356 716	(847 018)	146 509 697	143 354 704	(3 154 994)	134 653 593
Other revenue	15 094 338	2 523 031	17 617 369	25 688 588	8 071 219	10 807 776
Government - operating	55 133 501	17 675 586	72 809 087	37 259 746	(35 549 341)	33 905 429
Government - capital	12 269 499	(31 251)	12 238 248	12 111 782	(126 466)	11 515 689
Interest	3 502 167	(8 290)	3 493 878	4 140 676	646 799	3 694 511
<b>Payments</b>						
Suppliers and employees	(273 934 862)	(21 055 393)	(294 990 255)	(253 427 522)	41 562 733	(210 863 026)
Finance charges	(727 330)	(42 600)	(769 930)	(490 202)	279 728	(353 392)
Transfers and Grants	(2 763 400)	-	(2 763 400)	(1 398 206)	1 365 194	(1 464 986)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>13 909 462</b>	<b>(2 119 202)</b>	<b>11 790 260</b>	<b>25 699 644</b>	<b>13 909 384</b>	<b>34 496 803</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of Assets	500 000	1 200 000	1 700 000	4 919 345	3 219 345	20 000
Decrease other non-current receivables	27 208	3 909	31 117	8 285	(22 832)	27 098
<b>Payments</b>						
Capital assets	(27 664 699)	204 679	(27 460 020)	(23 999 851)	3 460 169	(24 171 922)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(27 137 491)</b>	<b>1 408 588</b>	<b>(25 728 903)</b>	<b>(19 072 221)</b>	<b>6 656 682</b>	<b>(24 124 824)</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)



MK: 30 Nov 2018

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

#### CASH FLOWS

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	5 660 750	(188 000)	5 472 750	17 400 000	11 927 250	220 035
Increase (decrease) in consumer deposits	188 480	68 965	257 445	216 701	(40 744)	282 667
<b>Payments</b>						
Repayment of borrowing	(2 240 385)	606 586	(1 633 799)	(837 282)	796 517	(897 009)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>3 608 845</b>	<b>487 551</b>	<b>4 096 396</b>	<b>16 779 419</b>	<b>12 683 023</b>	<b>(394 307)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(9 619 184)</b>	<b>(223 063)</b>	<b>(9 842 247)</b>	<b>23 406 841</b>	<b>33 249 089</b>	<b>9 977 671</b>
Cash/cash equivalents at the year begin:	16 034 598	8 326 871	24 361 469	24 361 469	-	14 383 798
Cash/cash equivalents at the year end:	6 415 414	8 103 807	14 519 221	47 768 311	33 249 089	24 361 469
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(9 619 184)</b>	<b>(223 063)</b>	<b>(9 842 247)</b>	<b>23 406 841</b>	<b>33 249 089</b>	<b>9 977 671</b>

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# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Cape Agulhas Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Cape Agulhas Municipality set out on pages 4 to 114, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cape Agulhas Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Restatement of corresponding figures

7. As disclosed in notes 44 and 45 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors discovered during the 2017-18 financial year in the financial statements of the Cape Agulhas Municipality at, and for the year ended, 30 June 2018.

## **Material impairments**

8. As disclosed in note 3 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R16,5 million (2016-17: R10,1 million).
9. As disclosed in note 4 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R18,5 million (2016-17: R10,6 million).

## **Discontinued operations**

10. As disclosed in note 59: related parties to the financial statements, the municipality resolved during the 2012-13 financial year to deregister the Southernmost Development Agency (SOC) LTD. The entity does not have any assets or liabilities at the reporting dates (30 June 2016, 30 June 2017 and 30 June 2018). The deregistration process has yet to be finalised.

## **Other matters**

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Unaudited supplementary schedules**

12. The supplementary information set out on pages 115 to 133 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

## **Unaudited disclosure notes**

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

## **Responsibilities of the accounting officer for the financial statements**

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the financial statements**

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected municipal key performance areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected municipal key performance area presented in the annual performance report of the municipality for the year ended 30 June 2018:

Municipal key performance area	Pages in the annual performance report
KPA5 – basic service delivery: strategic goal 5 – to ensure access to equitable affordable and sustainable municipal services for all citizens	90 – 98

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. I did not raise any material findings on the usefulness and reliability of the reported performance information for this municipal key performance area:
- Basic service delivery – to ensure access to equitable affordable and sustainable municipal services for all citizens.

### **Other matters**

23. I draw attention to the matters below.

### **Achievement of planned targets**

24. Refer to the annual performance report on pages 90 to 98 for information on the achievement of planned targets for the year and explanations provided for the underachievement of a number of targets.

### **Adjustment of material misstatements**

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery – to ensure access to equitable affordable and sustainable municipal services for all citizens. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
27. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## **Other information**

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected strategic focus areas presented in the annual performance report that have been specifically reported in this auditor's report.
29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements

and the selected strategic focus areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
32. I have nothing to report in this regard.

#### Internal control deficiencies

33. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

#### Other reports

34. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matter reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
35. An internal investigation into payment irregularities / financial misconduct has been finalised as one employee resigned and the other was dismissed.

*Auditor - General*

Cape Town

30 November 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic focus areas and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Cape Agulhas Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.





## **CAPE AGULHAS MUNICIPALITY**

### **REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

In the past year the Cape Agulhas Municipality (municipality) had a combined Audit and Performance Audit Committee. Due to the unique nature of each Committee's mandate it was decided, during the year under review, to separate the Committee into two separate Committees, each with its own terms of reference. For 2017/18 there will, therefore, be two separate Committee reports, one for the Audit Committee and one for the Performance Audit Committee.

The Audit Committee has pleasure in submitting its report, as required by section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

#### **1. AUDIT COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The Audit Committee (Committee) is governed by formal terms of reference, which have been approved by the Cape Agulhas Municipal Council (Council) and which are regularly reviewed. It fulfils its responsibilities in terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and its terms of reference. The Committee has an independent role with accountability to both the management and the stakeholders. It does not assume the functions of management, which remain the responsibility of the Mayor, Municipal Manager, the executive directors and other members of management. The committee acts in an advisory and oversight capacity and makes objective and independent recommendations to Council on internal control, risk management and governance processes in order to assist the municipality in achieving its objective; it does not relieve management of its responsibilities.

#### **2. COMPOSITION OF THE COMMITTEE**

2.1 The Committee consists of four members from the private sector with appropriate qualifications and experience that was duly appointed by Council. During the year under review the Committee continued with its process of rotation of its members to ensure continuity as and when the previous member's terms expired.

2.2 As at 30 June 2018 the Committee consisted of the following members:

- a) Mr. P Strauss (Chairperson)
- b) Mrs. B Salo
- c) Mr. R Mitchell
- d) Vacant

### 3. REMUNERATION OF THE COMMITTEE MEMBERS

The Committee is remunerated in terms of the National Treasury guide on the "Remuneration of non-official Members: Commissions, Committees of Inquiry and Audit Committees" issued on an annual basis.

### 4. FREQUENCY OF MEETINGS OF THE COMMITTEE

The Committee held four meetings during the 2017/18 financial year. The dates of the meetings and attendance by the members are indicated in the table below:

Meeting dates	Member	Meeting attendance			
		28/8/17	21/9/17	24/11/17	23/3/18
28 August 2017 21 September 2017 24 November 2017 23 March 2018	Mr C Pieterse - Chairperson (1/7/2017 – 30/9/2017)	√	√	-	-
	Mrs M Weits - Member (1/7/2017 – 31/8/2017)	√	-	-	-
	Mr E Lakey (1/7/2017 – 31/8/2017)	√	-	-	-
	Mr P Strauss – Member (1/7/2017 – 30/9/2017) Chairperson – 1/10/2017 to 30 June 2018	√	√	√	√
	Mrs. B Salo – Member (1/8/2017 – 30 June 2018)	√	√	√	√
	Mr. R Mitchell	-	√	√	√

The committee is satisfied that it has fulfilled its obligations in this regard.

### 5. FUNCTIONS OF THE COMMITTEE

The committee has discharged its functions in terms of section 166 of the Act as follows:

- 2.1. "Evaluation of and advising the Council, political office-bearers, accounting officer and management on the following items:



- a) *Internal audit reports issued during the financial year*
- b) *Internal audit risk based audit plan, including the risk areas of the municipality's operations covered in the scope of both the internal and external audit plan and strategy respectively.*
- c) *Progress made with the implementation of the internal audit plan for 2017/18;*
- d) *Auditor-General findings action plan for 2016/17 including the implementation and monitoring thereof;*
- e) *Municipal governance processes.*
- f) *Performance evaluation process of the staff as well as the Directors and Municipal Manager;*
- g) *Risk management and analysis of the results of a risk assessment exercise for 2018/19;*
- h) *Accounting policies;*
- i) *Progress made with the implementation of the risk action plans;*
- j) *Compliance with Laws and Regulations;*
- k) *Internal financial controls including financial reporting and information;*
- l) *Implementation of mSCOA and the new financial accounting system;*
- m) *Enhanced communication with Municipal Manager and Council; and*
- n) *Supply Chain Management functions"*

2.2. The Committee also reviewed the following matters:

- a) Year-end draft financial statements as at 30 June 2018. In the course of its review the committee took appropriate steps to ensure that the financial statements are prepared in accordance with generally recognized accounting practice (GRAP) prescribed in terms of section 91(1)(b) of the MFMA.
- b) The external audit report by the Auditor-General for 2016/17 on the annual financial statements as well as compliance to Laws and Regulations of that financial year.
- c) The committee dealt with the municipality's risk management processes through the minutes of and feedback from the municipality's Fraud and Risk Management Committee (FARMCO).

2.3. The committee further reviewed the functions of the Internal Audit function, including the following items:

- a) The activities of Internal Audit;
- b) Independence and objectivity of the Internal Audit function in execution of its duties;
- c) Capacity of the Internal Audit function to fulfill its responsibilities;
- d) Risk based audit plan for 2017/18 and the progress made with the execution of the plan during the year; and
- e) Coordination with the external auditors.

2.4. No additional functions were performed by the committee during the year.

## 6. EVALUATION OF THE FUNCTIONS OF THE COMMITTEE

The committee also evaluated its own activities in terms of its legislated mandate and its Terms of Reference and is satisfied that the Committee has fulfilled its function in this regard.

## **7. AREAS OF SATISFACTION**

The committee would like to express its satisfaction on the following issues:

- 7.1 The financial statements for 2017/18 in general as well as the financial management controls in place;
- 7.2 Support given by the Mayor, Council and the Municipal Manager as well as the level of communication between the parties;
- 7.3 The continued satisfactory functioning of the Committee and its support structure;
- 7.4 Apart from the issue raised under item 5.5 above the Committee does not have any major accounting and auditing concerns;
- 7.5 The effectiveness of the Internal Audit function and the value added by them, excluding the external quality review. However, the Committee takes note of the progress made with the development of a district wide internal audit peer-review and assessment process;
- 7.6 Efforts made to reduce the municipality's level of water losses;
- 7.7 The continued low percentage of electricity losses for the year;
- 7.8 The process and results of the performance evaluations of the Senior Managers and the Municipal Manager;
- 7.9 The increase in the municipality's capital replacement reserve fund;
- 7.10 The high level of the municipality's compliance with legal and regulatory provisions; and
- 7.11 The progress made with the clearing of the Auditor-General findings for the previous financial year.

## **8. AREAS OF CONCERN**

The committee expresses its concerns on the following issues:

- 8.1 The continued lack of involvement and supervision by senior management in the performance management processes;
- 8.2 Continued risks of the implementation of the new municipal Standard Charts of Accounts (mSCOA) insofar as it affects the municipality's increased expenditure to properly implement the system;
- 8.3 That the evacuation plans for the municipality that has not yet been formally approved and implemented in most buildings;
- 8.4 Continued risks regarding the Implementation of the new financial system;
- 8.5 Lack of capacity and succession planning in the Internal Audit Activity

## **9. REPORTS ISSUED BY INTERNAL AUDIT AND REVIEWED BY THE COMMITTEE**

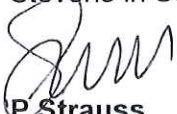
The following internal audit reports were submitted to and reviewed by the Committee for the period under review:

- Compliance with Laws and Regulations for 2017/18.
- Municipality's implementation and adherence to the National Treasury ICT Framework.
- Compliance with the ICT policies.
- Insurance of municipal assets.
- High level overview of the implementation of mSCOA.
- Results of municipal performance measures.
- Rental of municipal property.
- Risk management process of the municipality.
- Evaluation of the process of tender evaluations.
- Follow-up audit on cash management.
- Follow-up audit on the staff appraisal process.

The results of these reports were referred to the Municipal Manager for further action if required.

#### **10. SUBSEQUENT EVENTS**

The vacant position in the Audit Committee has been filled by the appointment of Me. Louise Stevens in September 2018.



**P Strauss**

**Chairperson**

**26 November 2018**







## **CAPE AGULHAS MUNICIPALITY**

### **REPORT OF THE PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

In the past years the Cape Agulhas Municipality (municipality) had a combined Audit and Performance Audit Committee. Due to the unique nature of each Committee's mandate it was decided, during the year under review, to separate the Committee into two separate Committees, each with its own terms of reference. For 2017/18 there will, therefore, be two separate Committee reports, one for the Audit Committee and one for the Performance Audit Committee.

The Performance Audit Committee has pleasure in submitting its report, as required by section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

#### **1. PERFORMANCE AUDIT COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The Performance Audit Committee (Committee) is governed by formal terms of reference, which have been approved by the Cape Agulhas Municipal Council (Council) and which are regularly reviewed. It fulfils its responsibilities in terms of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA) and its terms of reference. The committee has an independent role with accountability to both the management and the stakeholders. It does not assume the functions of management, which remain the responsibility of the Mayor, Municipal Manager, the executive directors and other members of management. The committee acts in an advisory and oversight capacity and makes objective and independent recommendations to Council on internal control, risk management and governance processes in order to assist the municipality in achieving its objective; it does not relieve management of its responsibilities.

#### **2. COMPOSITION OF THE COMMITTEE**

2.1 The Committee consists of four members from the private sector with appropriate qualifications and experience that was duly appointed by Council. During the year under review the Committee continued with its process of rotation of its members to ensure continuity as and when the previous member's terms expired.

2.2 As at 30 June 2018 the Committee consisted of the following members:

- a) Mr. P Strauss (Chairperson)
- b) Mrs. B Salo
- c) Mr. R Mitchell
- d) Vacant

### 3. REMUNERATION OF THE COMMITTEE MEMBERS

The Committee is remunerated in terms of the National Treasury guide on the *"Remuneration of non-official Members: Commissions, Committees of Inquiry and Audit Committees"* issued on an annual basis.

### 4. FREQUENCY OF MEETINGS OF THE COMMITTEE

The Committee held four meetings during the 2017/18 financial year. The dates of the meetings and attendance by the members are indicated in the table below:

Meeting dates	Member	Meeting attendance			
		28/8/17	21/9/17	24/11/17	23/3/18
28 August 2017 21 September 2017 24 November 2017 23 March 2018	Mr C Pieterse - Chairperson (1/7/2017 – 30/9/2017)	√	√	-	-
	Mrs M Weits - Member (1/7/2017 – 31/8/2017)	√	-	-	-
	Mr E Lakey (1/7/2017 – 31/8/2017)	√	-	-	-
	Mr P Strauss – Member (1/7/2017 – 30/9/2017) Chairperson – 1/10/2017 to 30 June 2018	√	√	√	√
	Mrs. B Salo – Member (1/8/2017 – 30 June 2018)	√	√	√	√
	Mr. R Mitchell	-	√	√	√

The committee is satisfied that it has fulfilled its obligations in this regard.

### 5. FUNCTIONS OF THE COMMITTEE

The committee has discharged its functions in terms of section 166 of the Act and regulation 796 as follows:

2.1. *"Evaluation of and advising the Council, political office-bearers, accounting officer and management on the following items:*

- (i) *review the quarterly reports submitted to it;*
- (ii) *review the municipality's performance management system and make recommendations in this regard to the council of that municipality; and*
- (iii) *at least twice during a financial year submit an audit report to the municipal council concerned"*

2.2. The Committee also reviewed the following matters:

- a) Reviewed the quarterly performance reports for 2017/18.
- b) Reviewed the final performance of the municipality for inclusion in the municipality's annual report.
- c) Performance assessments of senior management and the Municipal Manager.

2.3. No additional functions were performed by the committee during the year.

## **6. EVALUATION OF THE FUNCTIONS OF THE COMMITTEE**

The committee also evaluated its own activities in terms of its legislated mandate and its Terms of Reference and is satisfied that the Committee has fulfilled its function in this regard.

## **7. AREAS OF SATISFACTION**

The committee would like to express its satisfaction on the following issues:

- 7.1 The performance assessment process of senior management and the Municipal Manager.
- 7.2 Auditing of the portfolio of evidence by the Internal Audit activity.
- 7.3 The involvement of external role-players in the performance management process.

## **8. AREAS OF CONCERN**

The committee expresses its concerns on the following issues:

- 8.1 Accuracy of the basic service delivery information baselines in the performance report.

- 8.2 The lack of planning on capital projects in the beginning of the financial year resulting in possible underspending and delays.

## **9. REPORTS ISSUED BY INTERNAL AUDIT AND REVIEWED BY THE COMMITTEE**

The following internal audit reports were submitted to and reviewed by the Committee for the period under review:

- Review of the quarterly performance reports and supporting evidence.
- Review of the annual performance report and supporting evidence

The results of these reports were referred to the Municipal Manager for further action if required.

## **10. SUBSEQUENT EVENTS**

The vacant position in the Audit Committee has been filled by the appointment of Me. Louise Stevens in September 2018.



**P Strauss**  
**Chairperson**  
**26 November 2018**